



Daily Report

China

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General

Foreign Ministry Holds Weekly News Conference

U.S. Urged To Drop IPR Demands

HK0902091005 Hong Kong AFP in English 0853 GMT
9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China said Thursday it would try its best to avoid a trade war with the United States over copyright, but made clear it had no intention of bowing to Washington's "exorbitant demands."

China "does not hope to see a trade war triggered as it will benefit neither China nor the United States," foreign ministry spokesman Chen Jian said in a weekly press briefing.

"We will try our best to steer clear of a trade war. However, the key to this issue does not lie with the Chinese side," he said, urging the US administration to "adopt a constructive attitude and abandon its undue demands."

Chen's comments came ahead of the resumption of Sino-US talks on the intellectual property rights (IPR) dispute here Wednesday aimed at heading off the implementation of mutual trade sanctions on February 26. The agreement to resume talks followed the announcement Saturday of the planned sanctions and counter-sanctions by the United States and China respectively, boosting optimism that the two sides would settle their dispute before the deadline.

But both sides are putting the ball in the other's court, with US Trade Representative Mickey Kantor saying China should "come to the table prepared to address our concerns" and Beijing blaming the impasse on Washington.

"The US side has put forward exorbitant and unreasonable demands for China to protect IPR," he said, alleging that they not only exceeded both US and multilateral trade agreements but also went beyond what had been achieved by the United States.

"Is it realistic to demand that China achieve in a few days a level that is far beyond the current level of IPR protection of western developed countries, including the United States," said Chen.

"It is equally unrealistic to ask China to change from a developing country into a highly developed country like the United States overnight," he said.

Chen maintained that China had made great strides in both passing and enforcing laws on protecting IPR in recent years, stressing that this was not to keep the United States happy but because it was needed for the development of domestic science and technology.

"So long as the US side respects facts and adopts a realistic attitude, the dispute is not hard to settle," he said.

Washington, which estimates that US firms lose more than one billion dollars annually through copyright piracy in China, is to impose 100 percent tariffs on 1.08 billion dollars of Chinese imports if the dispute is not settled by February 26.

The Chinese countersanctions involve similar tariffs on a range of US imports as well as other forms of retaliation.

Calls U.S. Demands 'Unreasonable'

HK0902134395 Beijing XINHUA Domestic Service in
Chinese 1127 GMT 9 Feb 95

["Foreign Ministry Spokesman Says Key To Resolving Intellectual Property Rights Issue Lies in U.S. Abandonment of Its Unreasonable Demands"—XINHUA headline]

[FBIS Translated Text] Beijing, 9 Feb (XINHUA)—Foreign Ministry Spokesman Chen Jian said here today that he hoped the Chinese side and its U.S. counterpart would be able to properly settle their differences on the intellectual property rights [IPR] issue and that the crux of the matter at present is that the United States should abandon its unreasonable [bu he li 0008 0678 3810] demands.

He made the above remarks at the weekly news conference when answering a reporter's question on how the Chinese side and its U.S. counterpart would settle their differences on the IPR issue.

Chen Jian said: The Chinese Government has attached great importance to [shi fen zhong shi 0577 0433 6850 6018] IPR protection. It is China's basic national policy [ji ben guo ce 1015 2609 0948 4595] to respect knowledge and talent, which not only conforms to the interests of foreign IPR owners but is also where the interests of China's scientific and technological progress and economic development lie.

He said: Over the past decade or so, China has done a great deal of fruitful work and has built up a relatively complete legal system on IPR protection by implementing a legislative process which some of the developed countries only fulfilled after decades or even a century. The achievements which China has scored in legislating for IPR protection and enforcing the relevant laws are known to all.

Chen Jian pointed out: "Some of the demands set by the U.S. side during the talks go beyond the requirements of bilateral or even multilateral trade agreements and cannot even be fulfilled by developed countries, including the United States, so obviously this is utterly unjustifiable [hao wu dao li 3032 2477 6670 3810]. The crux of the matter at present is that the United States

should abandon its unreasonable [bu he li 0008 0678 3810] demands. So long as both sides adopt a pragmatic and constructive approach and earnestly consult with each other on the basis of mutual respect, equality and reciprocity, and mutual understanding and accommodation, the problem can be properly settled."

On IPR Talks, WTO Status

HK0902143595 Beijing ZHONGGUO XINWEN SHE
in Chinese 1135 GMT 9 Feb 95

[FBIS Translated Text] Beijing, 9 Feb (ZHONGGUO XINWEN SHE)—At this afternoon's news briefing, Chinese Foreign Ministry spokesman Chen Jian pointed out that China maintains that a trade war with the United States should be avoided as it will benefit neither side, but that the issue does not lie with the Chinese side.

Chen said that as always, the Chinese side will take part in the talks with a practical and constructive attitude. We hope that the U.S. side will respond positively and abandon its unreasonable demands. So long as the two sides respect each other and hold talks based on equality, mutual understanding, and mutual accommodation, differences between China and the United States on intellectual property rights [IPR] can be resolved.

In response to a question on the unreasonable demands raised by the U.S. side during the Sino-U.S. IPR talks, Chen Jian replied that the Chinese Government attaches great importance to IPR protection as this is absolutely necessary for understanding the trade disputes between the two countries and in promoting China's science, technology, and economic development. On legislation for IPR protection, China has, within the short period of only a few years, fulfilled a task which the Western developed nations took decades or even a century to complete and has adopted forceful measures to protect IPR. On the whole, China's main targets on IPR protection coincide with those of the United States and other countries so there should be no fundamental differences among them.

Chen said that differences have cropped up recently and they are even sharp because the U.S. side has made exorbitant and unreasonable demands, which exceed the provisions of Sino-U.S. trade agreements as well as multilateral international trade agreements. Some of the demands have even gone beyond what has been achieved by developed nations, including the United States, which is a highly developed nation. Asking China to reach the level of the developed nations within a short period of only a few days is like asking China's economy to catch up with the developed nations in a few days. Of course, this is unrealistic and impossible. Therefore, differences can be easily resolved as long as the U.S. side truly respects the facts and adopts a realistic attitude.

On the talks concerning China's entry to the World Trade Organization, Chen Jian said that China's should resume its status as a signatory to GATT. In addition,

China should become a founding member and join the WTO. China is a large country with a population of 1.2 billion and its trade volume ranks 11th in the world. Obviously, it is unwise to keep China out of the organization. Without China's participation, the WTO is not complete. The resumption of the talks will depend on the decision made by the parties concerned, but the main issue is that the contracting parties should abandon their unreasonable demands, which far exceed the level of China's current economic development.

Calls U.S. Post-Deng Study 'Fantasy'

HK0902104095 Hong Kong AFP in English 1026 GMT
9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China on Thursday dismissed a US Defence Department report saying the Asian giant had a 50-50 chance of breaking up after Deng Xiaoping's death as fantasy unworthy of comment.

"There are indeed quite a number of such fictitious reports or analyses that sound like the Arabian Nights. They are worth no comment," foreign ministry spokesman Chen Jian told a weekly news briefing. However, Chen added that "China right now is enjoying political and social stability, economic growth and people there are united."

"On the whole China has a bright future" and "wild guesses" like that of the US Defence Department "will do no harm to China's glorious image," he commented.

The recent US report, entitled "China in the Near Term," said "China is up for grabs once Deng passes away."

The death of the ailing 90-year-old leader "will create a political vacuum for both conservatives and reformers to move in," it said, adding there was a "50-50 chance that the transition would lead to a Soviet-style break-up of China."

It gave China only a 30 percent chance of continuing on its present course, adding that the liberal reform scenario hoped for by the West was the least likely.

On 'Speculation' of Post-Deng Era

HK0902134595 Beijing ZHONGGUO XINWEN SHE
in English 1300 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (CNS)—The suggestion that China will disintegrate in future is merely a bizarre speculation, said Chen Jian, spokesman from China's Ministry of Foreign Affairs, at today's news conference when he responded to reporters on whether China will fall apart after the death of Deng Xiaoping.

Chen added that every objective person in the world can see China has a stable political situation in a unified society, a prosperous economy and a bright future. With

such an image of China, it is unlikely that the country will be affected by the above speculation.

Views Jiang's Taiwan Speech

HK0902143295 Beijing ZHONGGUO XINWEN SHE in Chinese 1109 GMT 9 Feb 95

[FBIS Translated Text] Beijing, 9 Feb (ZHONGGUO XINWEN SHE)—Foreign Ministry Spokesman Chen Jian said this afternoon: We are waiting for the Taiwan authorities to make a positive response to Jiang Zemin's eight-point speech, and, on this basis, to blaze a new trail in cross-strait relations through consultation.

He said this during the regular weekly Foreign Ministry news briefing called every Thursday.

Chen Jian pointed out: Jiang Zemin's eight-point speech on promoting the motherland's peaceful unification embodies the CPC and the Chinese Government's sincerity in facilitating cross-strait exchange and bringing about peaceful unification on the principle of "one China." The speech is a major step and concrete move taken by continuously implementing the fundamental principle of "one country, two systems" and peaceful unification. We notice that the speech has evoked positive repercussions inside and outside the country and that the authorities concerned in Taiwan have expressed their readiness to study it seriously.

Reiterates Call To Join WTO

HK0902112095 Hong Kong AFP in English 1102 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China reiterated its demand Thursday to become a founding member of the WTO, urging major contracting parties to abandon "exorbitant" demands that continue to block the Asian giant's entry.

"China's status as a contracting party should be resumed and China should be a founding party of the newly established World Trade Organisation (WTO)," said Foreign Ministry Spokesman Chen Jian.

"Without China's participation, the newly founded WTO cannot be complete. China is a big country of 1.2 billion people and its trade volume is the 11th biggest in the world so it is self-evident that it is not sensible to keep China out of the WTO," he told a weekly news briefing.

China last year waged an unsuccessful campaign to rejoin the General Agreement on Tariffs and Trade (GATT) ahead of its January 1 replacement by the WTO. It placed the blame for its failure on demands by western nations, in particular the United States, that China first do more to open up its markets and drop its insistence on being readmitted as a developing nation.

"What is at issue is that the major contracting parties should relinquish their exorbitant demands that have

gone far beyond China's current economic status," said Chen, adding that date for resuming talks on re-entry depended on "consultations between the relevant parties."

China was a founding member of GATT in 1947 but withdrew after the communists came to power in 1949. It applied to rejoin in 1986.

Denies Military Base on Spratlys

HK0902093195 Hong Kong AFP in English 0915 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China confirmed Thursday it had set up facilities on a coral reef claimed by the Philippines on the disputed Spratly Islands, but said they were shelters for Chinese fishermen rather than a military base.

Beijing has made clear to Manila that "the Chinese side never detained nor arrested any Filipino ship nor established any Chinese military base on the Meiji Reef," Foreign Ministry Spokesman Chen Jian said in a weekly press briefing. "There are no Chinese warships on or around Meiji."

His remarks followed a statement by Philippine President Fidel Ramos Wednesday that the Department of National Defence had verified the existence of Chinese warships and structures on the Meiji—or Mischief—Reef, known in Filipino as the Panganiban Reef.

Ramos also said Philippines "had reason to believe" claims by a group of Filipino fishermen, who said they were detained by Chinese troops for one week in the area last month.

"We have learned from the department concerned that China's local fishing authorities have set up some facilities at Meiji Reef to provide shelter for their fishing vessels," Chen said.

"The facilities are aimed at ensuring the safety and lives as well as the production operations of the fishermen who work in the waters of the Nansha Islands," he said, giving the Chinese name for the South China Sea chain.

Chen's denial came as the Philippine government displayed Thursday pictures of the Chinese facilities, showing clusters of between four and six octagonal-shapes perched on steel pylons on the 4.8-by-eight kilometre (three-by-five mile) reef.

Defence Secretary Renato de Villa said the clusters were flying the Chinese flag and that three large ships, five smaller vessels and "some small boats" were also sighted, describing some of the ships as "Dashi class and Yukan class."

A Yukan class ship is listed as a landing transport vessel capable of carrying 200 troops and armed with 57-mm and 25-mm cannons. "Dashi" is possibly a Dazhi class

vessel, described as a submarine support ship which carries torpedoes and stores and is armed with 37-mm and 25-mm cannons.

Ramos said his government viewed China's actions as inconsistent with international law and the spirit and intent of the 1992 Manila ASEAN Declaration on the South China Sea, adding that he would lodge a protest with Beijing.

The Spratly chain—believed to be sitting on vast deposits of oil and natural gas—is claimed in all or part by China, the Philippines, Vietnam, Malaysia, Brunei and Taiwan. All claimants, except Brunei, have stationed troops on the islands, making it a potential flashpoint for regional conflict.

China has been particularly aggressive towards its smaller neighbours in recent years in pushing its claims to the region, routing the Vietnamese navy in a brief battle in the late 1980s.

The Manila Declaration was signed by members of the Association of Southeast Asian Nations (ASEAN) as well as non-ASEAN Spratly claimants, including China, pledging to adhere to the principle of joint development in the area and peaceful dialogue to resolve the dispute.

Says Spratly Facilities for Fishermen

OW0902033395 Beijing XINHUA in English 0318 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that the facilities at Meijijiao are aimed at ensuring the safety and lives of Chinese fishermen and their production operations in the region.

The spokesman's remarks came in response to a comment on a report that Chinese vessels have been found in the vicinity of Meijijiao, a coral reef in the Nansha [Spratly] Islands.

"We have learned from the department concerned that China's local fishing authorities have set up some facilities at Meijijiao to provide shelter for their fishing vessels," he said.

"The facilities are aimed at ensuring the safety and lives as well as the production operations of the fishermen who work in the waters of the Nansha Islands," the spokesman said.

'Not Aware' of Detention of Australians

HK0902115495 Hong Kong AFP in English 1132 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China said Thursday it was "not aware" that two more Australian businessmen were being held in China, in addition to James Peng who is still facing charges of embezzlement after being detained in 1993.

"I am not aware of that," said foreign ministry spokesman Chen Jian when asked about allegations by Australian officials that two other nationals were being held in China.

The cases of the men, one of whom has been held for around 18 months, had been kept low-key at the request of the men and their families, Australian Foreign Affairs Department spokesman Paul Molloy said Thursday.

Like Peng, the men—understood to be ethnic Chinese—were being held in Shenzhen in southern China and had been detained in relation to business dealings, he said, adding that "both cases have been raised on a number of occasions by the government".

"We are aware of them. We are keeping consular contact with both people and their cases are proceeding through the courts, but as we have seen with the James Peng case, things go slowly," he said.

Australian officials in China on Wednesday requested that Peng, who was kidnapped by Chinese authorities in 1993 from his hotel room in Macao, be granted bail because of the length of time his case was taking to progress through the Chinese legal system.

The Sydney Morning Herald newspaper quoted delegation head John McCarthy as saying: "The Chinese authorities responded that Mr Peng was being treated in accordance with the Chinese legal system and that the request for bail had been passed on to the Shenzhen judicial authorities."

Peng, 36, has been charged with embezzling 237,000 Australian dollars (178,000 US) from a Chinese company he part-owned.

Chen said Peng was arrested in October 1993 "because the case was rather complicated and it was going to take some time to make the truth clear."

"Right now he is in detention and the Chinese procuratorate has in accordance with the Article 92 of China's criminal procedural law made the decision to extend his term of detention," he said without elaborating.

Denies Spy Activity in Australia

HK0902113495 Hong Kong AFP in English 1108 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, Feb 9 (AFP)—China denied Thursday accusations it had stepped up espionage activity in Australia, allegedly also closely watching or intimidating members of the Chinese community.

"This report is purely fictitious," foreign ministry spokesman, Chen Jian, said at a weekly press briefing.

"At a time when the relations between China and Australia are steadily enhanced and strengthened and developed it is evident that it is out of ulterior motives to create and disseminate such rumours," he said.

Peter Wong, a leader of the Australia's Chinese community, said Wednesday that Beijing's agents had recently stepped up spying activities in Australia to monitor activities seen as harmful to China's national security.

A number of Chinese opposition leaders fled to Australia in 1989 after the suppression of China's democracy movement. Complaints of harassment, including threats against family members still living in mainland China, followed reports that Australia's intelligence agency has recently boosted surveillance of suspected Chinese spies.

Wong said there had been close monitoring of the local Chinese business community and "subtle threats" made against some of its members. "They have to go along with it or they won't be allowed to do business in China," Wong said.

Says Russian Delegation To Visit

OW0902105695 Beijing XINHUA in English 1016
GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (XINHUA)—At the invitation of the Standing Committee of the Chinese National People's Congress, a delegation of the Russian Federal Committee headed by its Vice-Chairman L.J. Abdulatipov will pay a goodwill visit to China from February 14 to 18, according to Chinese Foreign Ministry Spokesman Chen Jian at the press conference here this afternoon.

PIC Prepares for 4th World Conference on Women

OW0802164895 Beijing XINHUA in English 1622
GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (XINHUA/OANA)—The Public Information Committee (PIC) under the China Organizing Committee of the Fourth World Conference on Women recently set up a Press Department for Chinese Journalists in a bid to make the Chinese reporters' work more convenient during the conference.

More than 30,000 participants from 100-some countries and regions will take part in the conference, which will run from September 4 to 15 this year in Beijing.

The PIC will cooperate with bodies of the United Nations to take charge of reporting work before and during the conference.

More than 4,000 domestic and foreign correspondents are expected to be covering the conference, and various kinds of services will be provided for them.

'Developed Countries' Urged To Control Emissions

OW0902110495 Beijing XINHUA in English 0942
GMT 9 Feb 95

[FBIS Transcribed Text] United Nations, February 8 (XINHUA)—China today urged the developed countries

to take the major responsibility in controlling the emission of man-made greenhouse gas and provide more financial and technological assistance to the developing countries.

Liu Daqun, Chinese delegate to the Intergovernment Negotiating Committee of the UN Framework Convention on Climate Change, said China is seriously concerned with the climate changes caused by increasing man-made greenhouse gas, and with its impact on the global ecological system.

Addressing the 11th Conference of the Committee, Liu said that in the last two centuries since the Industrial Revolution, greenhouse gas in the atmosphere has increasingly accumulated, with most of it discharged by developed countries.

Even at present, the carbon dioxide emitted by the developed countries accounts for 75 percent of the total amount of the world, he said.

Therefore, he said, the developed countries should take the main responsibility for the climate change.

The developing countries, which claim 75 percent of the world population, consume only 25 percent of the energy, he said. As a result, the per capita consumption of energy in the developed world is 7 to 10 times more than that in the developing countries.

The main task facing the developing countries is to eradicate poverty, Liu said. Poverty is the root cause of the environment problems in most developing countries and the deteriorating environment in turn makes poverty even worse, the Chinese delegate explained.

Only by sustainable development and steady economic growth could developing countries break this vicious circle, he told the conference, which is attended by negotiators from more than 150 countries.

Liu appealed to the developed countries to act strictly in accordance with provisions of the Climate Change Convention, adopted in the 1992 World Environment and Development Summit in Rio de Janeiro, providing more financial and technological assistance to the developing countries.

The ongoing conference, from February 6 to 17, is the final preparatory meeting for a major session in Berlin this March, when the first Conference of the Parties to the Framework Convention on Climate Change will convene.

DPRK Opposes U.S. on Accord Implementation

OW0902044395 Beijing XINHUA in English 0425
GMT 9 Feb 95

[FBIS Transcribed Text] Pyongyang, February 9 (XINHUA)—The Democratic People's Republic of Korea (DPRK) is opposed to linking North-South dialogue

with the implementation of the nuclear accord, according to the official newspaper "NODONG SIN-MUN".

In a commentary the daily said that the issue of the resumption of the dialogue between DPRK and South Korea has nothing to do with the implementation of the framework accord signed by the DPRK and the United States.

It said that the accord is aimed at resolving the nuclear issue and normalizing DPRK-U.S. relations, and that the pressure by some American "conservative forces" to link it with North-South talks goes against the spirit of the accord.

It has been the DPRK's consistent stand to seek the resolution of the differences between the DPRK and South Korea through dialogue, and the country will act independently concerning this matter, without the need for any pressure from a third party, the commentary said.

The commentary pointed out that the most pressing task now is to make substantial progress through consultations on the issue of providing light-water nuclear reactors for the DPRK.

The DPRK will take action appropriate to the moves by the U.S. in implementing the accord, and it will make no concessions with regard to its principles, the article concluded.

U.S. To Put Pressure on India's Nuclear Policy

OW0902064095 Beijing XINHUA in English 0622
GMT 9 Feb 95

[FBIS Transcribed Text] New Delhi, February 9 (XINHUA)—The U.S. administration is continuously pressing India to declare an end to the production of unsafeguarded plutonium that is at the heart of India's Nuclear Weapon Option, an official said here today.

A decision by India to join the cut-off declaration would be a valuable, if not critical, contribution to the indefinite extension of the nuclear Nonproliferation Treaty, said Assistant Director of the Independent Arms Control Association in Washington Dunbar Lockwood.

Stating that a public Indian political commitment to ending the production of plutonium would be widely welcomed in the U.S., Lockwood listed three major American objectives of the convention on cutting off the production of fissile material, the official said.

First, to put a verifiable cap on the nuclear programs of threshold countries like India;

Second, to demonstrate the commitment of the nuclear weapon states to pursue disarmament under article VI of the nuclear Nonproliferation Treaty and third, to effectively monitor the imploding nuclear infrastructure in Russia.

United States & Canada

Ren Jianxin Receives U.S. Supreme Court Justice

OW0802141195 Beijing XINHUA in English 1352
GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—Ren Jianxin, president of China's Supreme People's Court, met today with U.S. Supreme Court Justice Anthony Kennedy.

While extending a welcome to the visitor, Ren expressed his appreciation for the efforts former U.S. Chief Justice Warren Burger made in pioneering the relations between courts of the two countries 15 years ago.

He said that he hoped that Kennedy's trip would further strengthen friendly exchanges and co-operation between courts of the two countries and help advance co-operative relations in all other fields.

Over the past 15 years, Ren said, the frequent exchanges of visits by U.S. justices and senior Chinese judges have played an important role in enhancing mutual understanding. Although the two countries have different judicial systems, they also have common ground. This, he noted, has provided the possibility for probing more and effective channels for exchanges and co-operation.

Ren stressed that maintaining and developing friendly relations between China and the U.S. accord with the interests of both the countries and of the world at large.

Kennedy said he was also of the view that justices and judges of the U.S. and China and of all other countries should conduct exchanges so as to better serve their respective countries and the peoples of the world.

Columnist Views Tensions in Sino-U.S. Relations

HK0802142595 Hong Kong TA KUNG PAO in Chinese
8 Feb 95 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Hopefully, the United States Is Just Seeking an Out"]

[FBIS Translated Text] After the Chinese New Year holiday, changes occurred in trade war crisis between China and the United States caused by the dispute over intellectual property rights [IPR]. The two sides decided to resume talks after restoring contacts.

Previous Experience

This made people recall the previous trade negotiation experience between the two sides: After the United States announced trade sanctions and China announced reciprocal measures, the two sides reached a compromise at the last minute before the measures were actually put into practice. Many people expect that this time the two sides will play the same trick again and will try to prolong the bargaining until they show their hand at the last minute.

According to the interests of the two sides, China and the United States have no reason to fall out with each other on the IPR issue and start a trade war, thus impairing their bilateral economic and even political relations.

The United States may point out many problems in China regarding the protection of IPR, but as some objective foreign commentaries have said, China has done a great deal of work in this regard and is not the worst offender in copyright piracy. More importantly, China is still making continuous efforts and hopes to establish the conception and also enact laws and regulations to protect intellectual property rights, which was a blank at the beginning of reform and opening, in light of China's national conditions and international practice.

Excessive Demands

When the talks broke down, the Chinese side pointed out that one of the reasons was that the U.S. side's demands went beyond the scope of IPR. These included demands that China change its judicial system and revise its civil procedures law and that American corporations should be allowed to run news and publishing institutions and set up audio-visual companies independently in China to run production, distribution, and retail business. These demands are absolutely ridiculous. Even allies of the United States would not accept such terms. As all people know, Europe has always resisted imports of American movies and video products. In particular, France is strongly resistant to pollution by American culture.

To be blunt, the United States is trying to achieve its political purposes by taking advantage of trade problems. That was the reason why U.S. Secretary of State Christopher mentioned human rights, Tibet, and global arms proliferation while talking about the trade talks, and he pointed out that such matters were related to the "supreme interests of the United States."

Although Clinton announced last year that the human rights issue would be separated from Sino-U.S. trade, the United States is still trying to gain something else through the trade issue.

A High Degree of Politicization

Guided by the U.S. authorities, the U.S. mass media has also politicized the current trade dispute to a great extent, even linking the issue to Deng Xiaoping's health. They have applied a rigid way of thinking to deduce that China's reaction on the basis of "maintaining state sovereignty and national dignity" reflect a power struggle in China's top leadership.

If this is just an excuse some people are using to seek an out, then things would not be too bad, but if this is taken as a guideline for China trade policy in order to create trouble, then the consequences would be very bad.

In the United States, there are a lot of hardliners. They exist inside the Clinton administration and also in Congress. Newt Gingrich, the new speaker of the House,

and Jesse Helms, chairman of the Senate Foreign Relations Committee, recently said that the United States should not only be tough toward China on the trade issue, but should also allow Taiwan to enter the United Nations and allow Li Teng-hui to visit the United States in the capacity of "president." Ka Er Ge Lun [name as transliterated] [0595 1422 2706 0243], an expert in Asian affairs at the University of California at Berkeley, said that Sino-U.S. relations will become "very unstable" in the future. His opinion is not unreasonable.

On the other hand, many people in the United States still hold that relations with China should be kept stable and economic-trade cooperation with China should be further expanded. A U.S. energy delegation will visit China soon, and they expect to do \$8 billion of business with China.

XINHUA Interviews Canadian Ambassador Paynter

OW0902034595 Beijing XINHUA in English 0245
GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (XINHUA)—To the 54-year-old Canadian Ambassador to China, John Paynter, now is perhaps the busiest time but he said it is also most exciting.

Since coming here, presenting his credentials, and officially becoming Canada's 8th ambassador to China, only a little over a month has passed. He has attended one function after another and his tight schedule has been crowded with visits here and there.

"It is very exciting," he said of his new post. "For any foreign ambassador right now, it is one of the most exciting posts you can have in the world," Paynter told XINHUA in a recent interview.

The ambassador said he was happy at being here in China. He recalled that when the Canadian government asked him where he wanted to go after having served four years in India, China was his first choice.

Actually, Paynter is no stranger to Beijing. In the early 1970s, he served as first secretary in Canada's first embassy in China. Though basically having been away from the country for 20 years, he was quite aware of its policy of opening up and economic reforms, and realized that changes had taken place here.

However, the diplomat was "still very much surprised to see the extent of the changes of the past 20 years" when he came with his wife as ambassador designate at the end of last year. Some 20 years ago, he said, there were few tall buildings here and the traffic was very tame, except for the bicycles. But now, many new buildings are going up and more construction is going on.

Also, it is much easier "to get in contact with the Chinese people", and they are becoming "more and more outgoing, more relaxed, more prosperous," he said.

Paynter referred to the present as "a very exciting time" in the Chinese history. If keeping on the path it is going, the opening up to the world and economic reform, China will "become an influential power in the world scene."

"So I am happy to be here at a time when the process is taking place," said the new ambassador.

In his view, it is also a "very exciting time" for relations between Canada and China. "What happened in the last year or two was a great realization in Canada of the importance of Asia and the Pacific, and particularly China," he said, adding that "what we have seen last year is the maturing and flowering of our relationship."

He described Canadian Prime Minister Jean Chretien's "unprecedented" visit to China last year as "a dramatic new watershed" in Sino-Canadian relations. Two cabinet ministers, nine provincial premiers, and 400 businessmen came with Chretien. "We've never sent a delegation of that size and power to any country," the ambassador commented.

During the visit, the two countries clinched deals through contracts and agreements worth 8.6 billion Canadian dollars.

Paynter stressed the point that the first priority of his ambassadorship here is the implementation and following up on these agreements reached during last year's visit.

China is the fifth largest trading partner of Canada and the two-way trade last year reached 5.5 billion Canadian dollars, according to Canadian statistics.

The Canadian government expects to see bilateral trade quadruple by the year 2000. Promoting trade between the two countries will become a "high priority" item in his tenure in China, Paynter noted.

The career diplomat added that the two countries should have a very "broad and multi-faceted" relationship. In addition to trade, "I want to open up new areas of development and cooperation," he explained, such as the environment, and more dialogues on issues such as international security and the United Nations.

Also, Canada wants to assist China in moving toward a socialist market economy in the areas of economic management, taxation, statistics, information, and social security policy, the ambassador said.

Paynter said that he is quite optimistic about the prospects of Sino-Canadian relations, saying that to maintain the growth of bilateral ties, the two countries should increase high-level visits and person-to-person exchanges. He revealed the fact that the Canadian deputy prime minister and several ministers will come to China in the spring and summer.

The two countries are also scheduled to have their trade and economic committee meeting in the summer to further identify economic and trade cooperation. To increase educational exchanges, Canada is also planning to open up an education center in Beijing, probably in September, the ambassador said.

Political & Social

Deng Rong on Deng Xiaoping's Health, Succession

BR0802145095 Paris LIBERATION in French 8 Feb 95
p 15

[Interview with PRC's Deng Rong, Deng Xiaoping's daughter and private secretary, by Romain Franklin in France; date not given: "Deng Is in Good Shape For a Man Who Is 90 Years Old"—first paragraph is LIBERATION introduction]

[FBIS Translated Excerpt] Deng Rong, alias Maomao, is the daughter and closest confidante of Deng Xiaoping (aged 90), whom she serves as private secretary. She is currently in France to promote her book entitled *My Father, Deng Xiaoping* (published by Fayard), which covers the first part of the life of the Chinese "supreme leader," up to 1949. She said she preferred to be called Xiao Rong, a pseudonym that she used when working incognito in the Chinese Embassy in Washington in the early 1980's.

[Franklin] Does your father still play an important political role?

[Rong] Today a new team of leaders is in place, headed by Chairman Jiang Zemin. The changing of the guard has already taken place. My father is well and truly retired. He is certainly not governing from behind a curtain, as some people say. Nevertheless he remains a source of spiritual comfort for the population.

[Franklin] Is he fit and well?

[Rong] I told one journalist in New York that my father does not need to use a wheelchair. I do not know why this U.S. journalist wrote that my father could no longer stand. He does have some problems with his legs because he is old, and therefore needs some help. Furthermore, this has been the case for several years already, and I am often the one to help him get up. Naturally, approaching 91 years of age, he can no longer walk two or three km day, as he did two or three years ago. However, he can still get around. He is in good shape for a man who is 90 years old. He has no specific ailment. He is old, that is all. Of course, one day he will die. That is only natural. [passage omitted]

[Franklin] Structurally speaking, the Chinese economy is becoming more and more like the capitalist economies. Is this really how Deng wants things to be?

[Rong] My father always says that communism is an ideal that will be achieved in the distant future. What matters today is to build a solid form of socialism. Above all, China must take care not to aggravate disparities in income. We reject the individualism that too often exists in capitalist countries. China must find something of its own on the moral and economic front.

[Franklin] Is he worried by the fact that 100 million Chinese are now seeking work throughout the country?

[Rong] The appearance of this floating population has broken with the Chinese tradition of nonmobility. However, it is a positive phenomenon for the economy. By moving around, Chinese people can find work where they want, and that is a major step forward.

[Franklin] China has always needed a strongman to retain its unity. After Mao Zedong and Deng Xiaoping, how do you believe your father's succession will take shape?

[Rong] The preservation of Chinese unity does not depend so strongly on the presence of this kind of man, power in China has been centralized since the first emperor of the Qin dynasty. Over these 2000 years, despite the wars between kingdoms, China has always conserved its unity. [passage omitted]

[Franklin] Does your father have any regrets?

[Rong] He did what in his opinion needed to be done. But China's fate does not rest exclusively on Deng Xiaoping. The current leaders will be facing a very difficult task.

Jiang Proteges Reportedly Clash With Li, Zhu Allies

HK0902044795 Hong Kong SOUTH CHINA
MORNING POST in English 9 Feb 95 p 1

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Two Shanghai-affiliated politicians appointed to top economic posts by President Jiang Zemin are crossing swords with senior officials in central government ministries.

Party sources in Beijing said yesterday that the two had clashed with State Council bureaucrats reporting to premier Li Peng and Vice-Premier Zhu Rongji.

The men involved are deputy secretary-general of the Leading Group on Finance and Economics, Zeng Peiyan, and newly appointed vice-chief of its industrial enterprises department Huang Qifan.

The confrontations which have been happening over the past few months are said to have more to do with "turf" than differences over policies and issues.

They are understood to have been about enterprise reform, the extent of the tight money policy and the contents of forthcoming economic laws.

Mr Jiang, head of the Leading Group, seems to be trying to boost his economic powers.

He appears to be expanding the group's authority by adding a few departments.

At the same time, conservative aides close to Mr Li such as the head of the State Council Research Office, Yuan

Mu—have become more active and forged strategic links with the party's conservative left wing.

In internal meetings, Mr Yuan has blasted "radical" reform measures such as privatisation.

The Leading Group, the country's highest authority on the economy, has until recently had a bare bones structure.

A source said: "The Leading Group, which lapsed into dormancy the first two years after the June 4, 1989 crackdown, was until late 1993 a shadowy advisory organ that played no role in day-to-day policymaking."

Mr Zeng, who also holds the title of Vice-Minister of State Planning, is one of Mr Jiang's key advisers on the economy.

Mr Huang, until last summer a senior cadre at the Pudong industrial zone in Shanghai, is a protege of both Mr Jiang and politburo member Wu Bangguo.

He followed Mr Wu to Beijing after the latter, a former party chief of Shanghai, was inducted into the party Central Committee Secretariat last September.

Mr Huang also became director of the personal office of Mr Wu, who was concurrently appointed vice-head of the group.

Chen Xitong 'In Trouble' With Central Authorities

HK0902060595 Hong Kong HONGKONG STANDARD in English 9 Feb 95 p 13

[By Meng Xiaoshu]

[FBIS Transcribed Text] Chen Xitong is in trouble again. These days Beijing's Communist Party boss seems unable to steer clear of controversy that is pushing him on a collision course with the central authorities.

Recently his name has been linked with Oriental Plaza, the troubled shopping complex in the heart of the Chinese capital, funded by Hong Kong property tycoon Li Ka-shing. Work on the project has ground to a halt because of opposition from the State Council, China's cabinet, who feel that it would overshadow neighbouring Tiananmen Square. And now the central authorities want to cut Li Ka-shing's share so that the Chinese side will hold the majority stake in the business venture. This is bad news for Mr Chen, whose Beijing's municipal government approved the project. Foreign observers point out that although Li Qiyuan is the city's mayor, it is Mr Chen, a Politburo member, who wields the real power in the capital.

Earlier this month, a new residency bill approved by Mr Chen came under fire from the central government. The regulations which took effect last November, oblige those seeking permanent residency in Beijing to pay a whopping great fee—between 10,000 yuan (HK\$9,161) and 100,000 yuan. The move caused widespread anger—

not only among college students who will bear the brunt of the punitive charges—but also from central government officials and legislators. Now the central authorities—who would have to share the fee burden if they want to recruit students—are campaigning to overturn the law.

It seems that the political knives are out for Mr Chen, and Western analysts say it is only a matter of time before this arch-conservative is removed from his post. But 64-year-old Mr Chen has not always been his party's whipping-boy. The former mayor of Beijing was once seen as a rising star in the Communist Party. Born in Sichuan province, also the birthplace of paramount leader Deng Xiaoping, Mr Chen studied Chinese literature at Beijing University, China's most prestigious university. Mr Chen first entered politics at the age of 22. He was secretary to Liu Ren, the second secretary of the Beijing Communist Party Committee, from 1953 to 1963. But during the Cultural Revolution, Red Guards branded him "Liu's wicked secretary" and Mr Chen had to endure more than 300 "struggle sessions". He owed his rehabilitation to Mr Deng, himself a survivor of the Red Guards, whose post-1978 administration was largely composed of victims of Mao Zedong. Mr Chen became Beijing's police vice-mayor in 1979 and four years later became the city's eighth mayor. More good fortune was to shine on Mr Chen in 1992. In October he was promoted to the national party's Politburo and two months later he replaced Li Ximing as Beijing Communist Party Secretary.

Mr Chen enjoyed relative popularity at home and abroad before 1989. He won local support for efforts at solving some of the capital's problems such as traffic congestion and vegetable shortages. He placed great importance on the party's rectification campaign launched by Mr Deng in the early 1980s, and his decisive orders to dismiss some extravagant cadres won him public acclaim. In the American press his ability was even favourably compared to the likes of New York City mayor Edward Koch.

But Mr Chen's caring image was shattered on the night of June 4 1989. In the aftermath of the crackdown of the democracy movement it was clear that Mr Chen sided with Premier Li Peng, the man who gave the order for the army to move in on the unarmed protesters. Mr Chen angered liberals inside and outside China when he defended the government's "quelling of the counter-revolution rebellion" and called for the harsh punishment of democracy movement leaders. He also blamed "bourgeois liberalism," interpreted to mean harmful Western influences, for stirring turmoil and instability. "Therefore, we must oppose bourgeois liberalisation and resolutely eliminate all elements that could lead to instability," he said.

The mayor became known as a hardliner who would not hesitate to crush any opposition. Even after many of the predemocracy demonstrators had fled the country or

been rounded up, Mr Chen continued to fear social unrest in the capital because of the rising numbers of unemployed, migrant workers and soaring inflation. Last year he urged tighter security measures for Beijing saying it was necessary to "strengthen security networks based on the masses" in a reference to neighbourhood committees which have long played a major role in surveillance.

The arch-conservative has also created concern among Hong Kong residents. Last July he hit out at the territories' press, accusing them of maliciously distorting the facts when reporting on China. His threats to severely punish "the subversive activities of internal and external hostile forces" raised fears about press freedom in Hong Kong after 1997.

But while Mr Chen has remained a hardliner over political issues he is much more liberal about economic matters. Mr Chen has thrown his support behind Mr Deng's economic reforms and has even admitted the capital's failure to keep pace with change in the country. "We must fully understand the importance of markets," Mr Chen said in an article in the People's Daily [RENMIN RIBAO]. "Mayors should work for markets," he said. "One characteristic in the construction of socialism with Chinese characteristics put forward and guided by Comrade Deng Xiaoping is the development of a socialist commodity economy through reform and opening." Indeed Mr Chen maintains that the reason to ensure political and social stability is to ensure the success of reforms.

Despite his heavy-handed approach to dissent, Mr Chen has campaigned tirelessly to promote his city. After successfully hosting the 1990 Asian Games in the capital, Mr Chen backed the city's bid to host the Olympics in the year 2000—a campaign supported by 98.7 per cent of the city's residents.

Foreign Press 'Welcome To Cover' NPC, CPPCC Sessions

OW0902083395 Beijing XINHUA in English 0812
GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (XINHUA)—Journalists from Hong Kong, Macao and Taiwan and from foreign countries are welcome to cover the third sessions of China's Eighth National People's Congress (NPC) and the Eighth Chinese People's Political Consultative Conference (CPPCC).

The announcement of these two sessions, the first of which is scheduled to open on March 5 and the second on March 3 in Beijing, was made by the general offices of the NPC Standing Committee and the CPPCC National Committee here today.

Journalists from Hong Kong and Macao who want to cover the two sessions can apply through local branches of the XINHUA NEWS AGENCY to the Special Press Office set up for the occasion.

Taiwanese reporters can apply to the Conference Press Office through the XINHUA NEWS AGENCY Hong Kong Branch or through Chinese embassies in foreign countries.

Foreign journalists can apply to the Press Office through Chinese embassies overseas, or through the Hong Kong and Macao branches of the XINHUA NEWS AGENCY, as well as visa offices in Hong Kong and Macao.

Foreign reporters and reporters from Hong Kong working in Beijing can apply to the Conference Press Center, which will be set up in Beijing's International Hotel, directly.

Applicants should submit letters of introduction from press institutions they represent and identification cards which clearly state whether they are correspondents or cameramen.

The deadline for applications is March 10 this year.

Article Urges Boosting Official Accountability

HK0802145595 Beijing FAZHI RIBAO in Chinese 19
Dec 94 p 1

["Legal System Forum" by Guo Daohui (6753 6670 2547): "Democratic Politics? Also Responsibility Politics"]

[FBIS Translated Text] Recently, there have been frequent outbreaks of fire in some parts of the country, causing enormous damages and casualties. Following a fire in one part of Jilin Province, the very serious fire that broke out in the Yiyuan Ballroom, Fuxin City, Liaoning Province on 27 November killed 233 and injured five. BEIJING QINGNIAN BAO [BEIJING YOUTH NEWS] called it "the worst killer fire in the history of the People's Republic of China." Shortly afterward, before that statement had stopped ringing in people's ears, another blaze occurred in the Youyiguan Theater in Karamay City, Xinjiang, 10 days later (8 December). Over 300 people were burned to death, and 100 were injured by the fire and the stampede which followed. This was probably the "worst of the worst" fire. It is hard to say if there will be another "worst of the worst" fire.

According to official statistics, in the first nine months of this year, 27,236 fires were reported across the country, which killed 1,325 people. Other accidents, such as overloaded ferries sinking and collisions between cars and trains, often kill and injure dozens or hundreds of people at a time. It is shocking and heartrending to hear about this. However, whenever one reads reports on such tragedies, one would almost always be told how leaders have taken the matter seriously, visited the scene in person, and deployed resources to deal with the aftermath, and how people involved in the rescue have been selflessly, indefatigably, and courageously taking part in the rescue operation. Then some heroes are bound to be named and a few cadres given special praise.

Certainly, after an accident those who have faced danger fearlessly and helped in the rescue should be commended. But if we do not go anywhere from there, it would seem that we are trying to cover up what went wrong to cause the accident with reports on heroic deeds. If the relevant leaders "just carry on being good officials" and do not assume responsibility, they will not draw any lessons from such incidents and the public will not be convinced. This is because the powers and responsibility of a leader should be integrated. What is called democratic politics should be "responsibility politics."

Normally, when we address somebody as the "responsible comrade" of a department or unit, we tend to see him as the person in charge or someone who leads. Very rarely do we realize that a "responsible person" is someone who assumes political or legal responsibility. He who administers is bound by law and should be accountable to the people and subject to supervision by the people. The power and responsibility of a responsible person are complementary. If an accident happens within his jurisdiction causing severe political or economic damage or severe damage to the people's lives and property, he is guilty of neglect of duty and must assume corresponding political or legal responsibility, rather than being given the ambiguous charge of "leadership responsibility."

Political responsibility demands that what state organs and their staff do is rational and conforms to the right aims: e.g. serving the people and that their policies comply with the people's will and interests. If a wrong decision on the part of the government or incompetent leadership causes serious consequences, which may not have violated the law and incriminated anyone involved, the party responsible has to assume political responsibility and face inquiry, impeachment, or a "no confidence" motion put forward by the congress (the National People's Congress and local people's congress in our country) which elected the organ or individual in question. In countries where the "cabinet responsibility" system is instituted, members of the government have to take discrete responsibility for any mistakes made by the departments they are in charge of. They also assume "joint responsibility" for any mistakes in the government's joint decisionmaking. The former situation may lead to the resignation or removal of the individual or individuals, and the latter may result in the mass resignation of the whole cabinet, causing the government to be replaced and policies to be changed. Although our constitution stipulates that administrative organs, judicial organs, and procuratorial organs should be accountable to the people's congresses, there are no specific requirements in the system, procedures, and structure for the performance of such accountability. There may be an inquiry system, but it is never used, and there may be a system of recall, but it is applied only to officials who have committed criminal offenses. Assumption of political responsibility is rarely heard of.

Legal responsibility covers administrative responsibility, civil responsibility, and criminal responsibility. This

means whoever neglects his duty is subject to appropriate administrative action, whoever commits tort should assume civil responsibility and pay damages, and whoever commits dereliction of duty which constitutes a crime should assume criminal responsibility. In a civil action, even if the party concerned is not subjectively at fault, if an accident happens in an area such as high-risk work and environmental pollution, causing damage to personal safety and property, the competent authorities and the proprietor of the enterprise or institution have to assume "nonfault liability." The "Liability Law" of our country, which was adopted this year, clearly provides that if an administrative organ and its personnel infringe on personal rights or property rights when exercising administrative powers they must accept liability to pay compensation. Judicial organs in some localities have begun the trial implementation of a judicial liability system and a liability regime for misjudged cases, where the courts and judges have to accept legal liability, including compensation liability for any misjudged case of premeditated and unpremeditated, [chu ru ren 0427 0354 0086 2584] crime. This is a big step forward in the evolution of our country's legislative and judicial systems and has yet to be substantially carried out.

For the government to assume appropriate political responsibility fulfills the purpose of making policies more reflective of popular will, making the decision-making process democratic and scientific, and preventing arbitrary decisionmaking and blind leadership. For responsible personnel of government organs to assume appropriate political responsibility fulfills the purpose of promoting administration according to the law, the administration of justice according to the law, and the administration of the country according to the law. These two aspects are parallel to each other and are key to the realization of so-called "responsibility politics." Responsibility politics also means democratic politics and legal politics. It is an indispensable mechanism for constraining and supervising state organs and their personnel. Although we do not have to copy foreign systems indiscriminately, it is imperative to draw on the spirit of responsibility politics and form our own responsibility system with Chinese characteristics.

I was happy to discover that the "Urgent Notice on Firmly Preventing Major and Extra Serious Fires" issued by the State Council General Office the other day clearly states that besides investigating and handling those who directly caused the fires, the responsibility of relevant leaders should be affixed and their cases sternly handled. As expected, within the short space of six days after the fire in Karamay, the persons who had caused the fire and the leaders responsible for the accident were either arrested, held in custody, and detained for trial by the judicial authorities or placed under party and administrative disciplinary action. We hope that this is a good start in strictly enforcing "responsibility politics."

I am not implying that whenever there is a fire, someone in charge in the central or local government has to be

recalled. My only hope is that they who have liability will not be given the chance to avoid assuming it by casually saying something like "I am also to blame."

Commentary Views Consolidating Party Branches

OW0902003195 Beijing XINHUA Domestic Service in Chinese 0451 GMT 8 Feb 95

[Commentary by XINHUA reporter Chen Yan (7115 7159): "Implementation Is the Key To Consolidating Work"]

[FBIS Translated Text] Beijing, 8 Feb (XINHUA)—The Fourth Plenary Session of the 14th CPC Central Committee emphatically pointed out that we should strive to build, in a well-guided and planned manner, grass-roots organizations in rural areas nationwide within three years and that particular efforts should be made to consolidate the party branches that are in a state of weakness, slackness, or paralysis. In the last 10 days of October 1994, the CPC Central Committee held a national work conference on building grass-roots organizations in rural areas. During the meeting, concrete plans for the work were made, and clear requirements were put forward. The CPC Central Committee has attached great importance to the work of strengthening the building of other village-level organizations with the party branch as the core because it is the basis for doing well other tasks in rural areas.

In recent years, various localities have done a great deal of work in consolidating the party branches that are in a state of weakness, slackness, or paralysis. Thanks to the consolidation, many less advanced party branches have made some progress, with some of them becoming advanced ones. But, we should also be aware that a certain number of party branches are still in a state of weakness, slackness, or paralysis. Although there are only a small number of villages that are plagued with such a problem, we must spare no effort to consolidate them. Otherwise, it will be very difficult for them to achieve a relatively comfortable standard of living. Besides, this problem will seriously affect rural reform, development, stability, or even damage the foundation of the party's work in rural areas.

Since the Fourth Plenary Session of the 14th CPC Central Committee and the National Work Conference on Building Grass-Roots Organizations in Rural Areas, all localities have paid great attention to the work of consolidating the party branches that are in a state of weakness, slackness, or paralysis. While summing up their work done in previous years, all localities also have adopted new and effective measures to carry out this task. It was learned that so far a great number of provinces, autonomous regions, and municipalities have formed a leading group, with a major leader of the party committee as a head, for building grass-roots organizations in rural areas or for consolidating the party branches that are in a state of weakness, slackness, or paralysis. Under such leading groups, offices have been

created to carry out their special tasks. At present, more than 400,000 cadres have been sent or will be sent to 32,000 villages to help consolidate the party branches. Major leading comrades of some provinces, autonomous regions, and municipalities also have selected some particular places for them to carry out the work in person. The work of consolidating party branches is being carried out smoothly.

It was learned that problems worthy of our attention still exist in a small number of places and units. Such problems can mainly be attributed to the fact that leaders of a small number of places and units have failed to understand the importance and urgency of carrying out the consolidation. Consequently, they did not pay much attention to the work. Some leaders did not carry out an in-depth investigation of the local conditions for the building of grass-roots organizations in rural areas. In failing to have a complete understanding of the local situation and in being satisfied with holding meetings and issuing documents, they failed to put forward effective measures in light of local conditions. Some other comrades were afflicted by a lack of confidence or a fear of difficulties. Some of them even believed it did not matter whether or not they consolidated such party branches, believing that, being small in number, they would not have an effect on the overall situation.

Recently, the Organization Department under the CPC Central Committee reaffirmed that the work of consolidating the party branches that are in a state of weakness, slackness, or paralysis is a major task which has an important bearing on the whole situation and that paying high attention to the work and doing a good job of carrying it out mean that all localities will ideologically and politically maintain unity in their deeds with the CPC Central Committee. Party committees at all levels should have a sober understanding of the importance of this work. They should take measures to carry it out. Party committees that did not convey the guiding spirit of the Fourth Plenary Session of the 14th CPC Central Committee and the National Work Conference on Building Grass-Roots Organizations in Rural Areas should convey it now. Party committees that did not make plans for the work should make them now. Party committees that did not carry out an investigation with regard to the work should carry it out now. Party committees that did not send cadres to grass-roots units should send them out now. This spring is a critical period for carrying out the work. It is necessary to seize the opportunity and carry out the work thoroughly.

Meanwhile, we should also understand that it is a long-term task to consolidate the party branches that are in a state of weakness, slackness, or paralysis. While concentrating their efforts to consolidate such types of party branches, party committees at all levels should also foster an ideology of carrying out routine work with perseverance. Follow-up controls shall be carried out for party branches that have become qualified after consolidation. In this way, we can continue to ensure our

results. Party branches that appear to be weak and slack, particular those that are in a state of paralysis, should be singled out and consolidated promptly. We should try to achieve results by solving outstanding issues.

Future Cadres To Possess 'Political Integrity'

HK0802145395 Beijing ZHONGGUO XINWEN SHE
in English 1410 GMT 8 Feb 95

[FBIS Transcribed Text] Guangzhou, February 8 (CNS)—At the Guangdong Province Working Conference held today, Xie Fei, secretary of Guangdong Provincial Party Committee, emphasized that selection of future young cadres should be based on both ability and political integrity.

Xie said that to train and choose outstanding young cadres, the following points should be adopted. Firstly, the Province should possess definite aims and plans for the cadre selection work. Secondly, rejuvenation of leadership should be promoted, and the criteria for choosing young cadres should be carried out strictly. Third, more attention should be paid to the training of the whole young generation and their healthy growing. This is to achieve greater breakthroughs in respect of cadre and leadership rejuvenation in the whole province in the next 3 to 5 years.

Xie also emphasized to follow the mass line and to deal effectively with the relation between new and old cadres. Over 500 leading cadres from cities, counties and departments directly under the provincial government attended the meeting today.

Article Urges Safety Measures for Spring Festival

HK0902091395 Beijing RENMIN RIBAO in Chinese
26 Jan 95 p 1

[Commentator's article: "Be Ready for All Eventualities for the Benefit of the Hundreds of Millions"]

[FBIS Translated Text] The spring festival is approaching. The people of various nationalities are happily making preparations for the celebration of the traditional festival of our nation. Here, we would like to earnestly remind everybody of not forgetting safety in celebrating the festival! Festivals are fine, but if we are not careful, tragedies resulting from accidents and disasters may occur.

Carelessness leads to disasters. This is a maxim from our ancestors which sums up numerous historical facts. Although the few disastrous fires that broke out last year are still lingering in the minds of the people today, both the central and local governments have given strict instructions on strengthening safety inspection to prevent accidents, and many localities have adopted some measures in this respect, several serious fires and other incidents causing human casualties have occurred in different parts of the country in the first month of the new year. It can thus be seen that at present, considerable

hidden dangers still exists in the safety of some localities which should attract full attention. While working hard, leading comrades at all levels should never forget the heavy responsibility for the safety of the public which they have shouldered. They should always bear in mind the safety of the people. Only if safety is ensured can there be festival joy and auspiciousness and can there be good health and happiness in all households.

During the festival, the scope of safety work we should pay attention to is quite wide. The first is fire prevention. We are now in the depth of winter. The wind is strong and the air is dry. Fire can easily break out. During the festival period, people use fire more often. We should pay special attention when letting off fireworks. At present, only a small number of big cities have clearly forbidden the practice of letting off fireworks in urban areas and most other cities still preserve such a practice. Therefore, we should educate the masses by various means to pay attention to safety in letting off fireworks and should take effective precautions against fires and human casualties.

The second is the issue of safety in transportation. During the spring festival period, the volume of passengers transported increases drastically and the pressure on railways, highways, civil aviation, and shipping is extremely great. Various departments concerned should pay attention to coordination and cooperation and should energetically enhance the flow of passengers. At the same time, they should carefully check and maintain the equipment and strengthen dispatching work to prevent accidents and emergencies and to ensure safety in transportation during the festival.

We should also pay great attention to the safety of large-scale mass activities and in public places of entertainment. We should adhere to the principle of rationality and dispersion in making arrangements for festival entertainment activities of the masses, and should avoid over-concentration of people. All public places of entertainment should be inspected for safety and fire prevention. Commercial and entertainment enterprises which do not meet safety requirements should not be permitted to do business and large-scale mass activities without safety precautions should be resolutely canceled. In places where people are more concentrated, we should fix ways and outlets for the people to disperse and should take precautions for emergencies. We should provide against possible trouble.

Besides, we should also guard against theft, coal gas poisoning, food poisoning, and other emergencies and should not lower our guard.

Before the festival, various departments and organizations should seize the time to carry out a universal safety inspection and to improve and implement various safety rules. Various departments supervising the enforcement of safety regulations should strengthen their work. During the festival period, leading cadres should take the lead in being on duty in turns in accordance with

relevant rules. Besides, various safety posts should also make proper arrangements for people to be on duty during the festival. Absence from and coming late to any safety post must not be allowed. The practice of being on duty at crucial posts whose safety requirements are high without a certificate should resolutely be stopped and those who operate in violation of rules and regulations and those who desert their posts should be solemnly punished in order to ensure safety.

We should strengthen propaganda and education work so that all the cadres and people can overcome the erroneous idea that "safety work does not concern me," and increase their sense of safety. During the festival period, we should select healthy ways of entertainment and grown-ups should also pay special attention to taking care of their teenage children in order to avoid accidents. We should acquire correct knowledge about using fire, electricity, fuel gases, and driving and should consciously observe rules and regulations. According to the latest statistics, the Beijing Railway public security departments have discovered over 2,300 cases of people transporting easily inflammable goods, easily explosive goods, and dangerous goods since the beginning of the busy spring period. This shows a considerable number of people only have a vague idea of safety and of abiding by the laws in this respect. Their acts of leaving things to chance are often the cause of disasters. Only if all the people are concerned, support, take part in, and defend safety work will it be possible for the security of the whole society be really ensured.

'Transient Rural Laborers' Flow Into Shanghai

OW0902023795 Beijing XINHUA in English 0152
GMT 9 Feb 95

[FBIS Transcribed Text] Shanghai, February 9 (XINHUA)—Although the festive atmosphere of the Spring Festival has not yet entirely dissipated, transient rural laborers are already thronging to major cities to seek money-making opportunities.

Because the railway departments have taken measures such as putting on extra trains, order has been maintained at railway stations in major cities.

The railway departments arranged special trains for the rural laborers. Starting from the third day of the Spring Festival, which started January 31 this year and lasts 15 days, two or three special trains carried 6,000-9,000 transient laborers daily from Bengbu and Fuyang, two counties in Anhui Province, which is a major exporter of rural laborers, to Shanghai.

When the first special train from Fuyang arrived at Shanghai February 3, railway bureau officials went there to meet them. Within a quarter of an hour, 1,900 transient laborers had alighted from the train and been sent to their destinations in special buses.

Now the market for transient laborers is saturated in Shanghai. And local labor departments have reaffirmed

that the hiring of rural laborers will be stopped for a month following the Spring Festival.

***Origins of Guangdong's First Private College Viewed**

95CM0094A Beijing LIAOWANG [OUTLOOK] in
Chinese No 48, 28 Nov 94 pp 37-38

[Article by Lei Zhongyu (7191 0112 0056) titled:
"Guangdong Establishes First Private University"]

[FBIS Translated Excerpt] During the fall of 1994, Guangdong established its first private institution of higher learning: The China Joint (Hualian) Academy, which welcomed its first set of more than 600 new students, who had passed a provincial unified high-level examination. This indicates that the paths of higher education for Guangdong province are becoming wider and wider.

The privately owned Hualian Academy is an institute of higher learning that has been approved by the Guangdong Provincial People's Government and officially registered by the State Education Committee, and was established on 8 June 1994.

The establishment of the private Hualian Academy is the fruit of the painstaking efforts of this institution's director Hou Defu [0186 1795 1381] and his colleagues.

Hou, who graduated in 1953 from the Harbin Foreign Languages Institute, taught foreign languages for many decades at Huanan Normal University. In recent years, two things frequently were on his mind: On the one hand, the group of professors of roughly the same age that he worked with were reaching retirement age, and one by one leaving their teaching positions. Some among them had abundant teaching experience, they were healthy and strong, and mentally they could still draw on abundant energy to teach; on the other hand, those students who took part every year in the college entrance exams were increasing in numbers, and the number of those admitted was very limited, while a large number failed on the competitive exam by a small margin, and lost the opportunity to go on to a more advanced level of study.

This is a contradiction that normally draws people's attention in a society.

"Outside of the public schools, would it be possible to walk the path of having private universities resolve this contradiction?" This thought fluttered around the mind of Hou Defu.

In 1990, when he was chairman of the Huanan Normal University Education Labor Union, Hou joined some retired professors from Huanan Normal University, Huanan Science and Engineering University, Jinan University, the Guangdong Nationalities Institute, and retired education workers from other educational institutions in raising funds, and after preparing an intense

publicity campaign, founded the privately owned Hualian Applied Foreign Languages, Scientific, and Technical Vocational School.

The students of this newly operating vocational school not only came from Heilongjiang, Liaoning, Jiangxi, Yunnan, Hainan, and Guangdong, but also from Korea, Australia, Hong Kong, and Macao.

Though this vocational school was not an institute of higher learning, it was the forerunner of the later officially approved privately established Hualian Academy.

Over the past several years, more than 800 students have graduated from the Hualian Vocational School, and another 248 students have received excellent English and Japanese language training. In addition to going abroad to take more advanced courses of study, they have been hired by domestic "three capital," partnership of Chinese and foreign capital, and cooperatively managed enterprises, and rural and township enterprises, where the supply for such people is not meeting demand. [passage omitted]

In July of 1992, the Guangzhou Education Department held a conference on running schools. At the meeting Hou Defu vigorously presented his views on the issue of education run by local people. From the point of view of Guangdong pursuing the path of the "four small dragons of Asia," he proposed that to accelerate development of the economy, it is necessary to intensify the education of scientific and technological talent, and at the same time that we properly handle the public establishment of higher education, we must blaze the trail of establishing privately run institutes of higher education. If there is only one bridge to pass through a university gate, this will inevitably constrict the ideals of many young people seeking to pursue higher education, and influence the course of the four modernizations. Hou's fervent speech won the enthusiastic applause of Guangzhou Education Committee head Wu Ziyun [0702 4793 1750] and the more than 100 delegates at the meeting.

In October 1992, after receiving approval from higher authorities, a private Hualian University planning committee was established and began to recruit students. The news spread, and the school got attention both within China and abroad. Educational circles within the country expressed their support through various methods or by initiating a visit.

However, the road ahead would not be smooth. For the private Hualian University planning committee, temporarily set up in the Huanan Normal University Teaching and Administrative Staff Club, there was still a good deal of veiled criticism within the society, and sarcastic comments such as "briefcase university" were often heard; there were also some departments which did not grant recognition to this type of "school within a school."

During this critical and difficult period, on 30 November 1992, Xie Fei, CCP Central Committee Politburo

member and provincial Party Secretary, personally visited the Hualian University planning committee to inspect the situation and heard Hou Defu a detailed report on progress in planning for the establishment of the academy. Xie instructed all to give encouragement to those running the school. He said that if in the process of the reform of higher education, a privately established university springs out, this is a good thing. Whatever path China walks in the establishment of private educational institutions, this is a new issue which requires study. "You have already made a start, now it is necessary to blaze a new path, and accumulate experience," he said. "Private universities have energy and vitality, and we should encourage more pursuit of such opportunities."

The Guangdong Higher Education Department organized specialists and academics to conduct an appraisal of the conditions of the establishment of Hualian, and finally it obtained affirmation and passage. After being approved by the Guangdong People's Government, the private Hualian Academy was officially established.

When the institution opened for teaching, reporters held an interview on the campus grounds with Hou Defu. We asked: What are the differences between this privately established university and public institutions?

Hou seemed to sense the reporters doubts, and he spoke with fervor and assurance: "The principal object in running a school at a privately established university are the individuals among the people, and not the government; the leadership system implements a school director responsibility system under the leadership of a board of trustees, and the school director is appointed by the board of trustees and not by the government, and is responsible to the board; the educational institution genuinely uses all its powers for the needs of running the school, and items such as recruiting, setting up disciplines, personnel, and administrative methods, are all decided by the school itself; funds for running the school are not allocated by the government but are determined by the school itself, primarily through receiving student tuition, social assistance, individually raised funds, investment cooperation, and other various channels for obtaining funds."

The educational purpose of the Hualian Academy, as noted in this year's recruiting general regulations is expressed as follows: "Under the leadership of the Party and the People's Government, and appropriate to the needs of a socialist market economy and socialist modernization, upholding a multi-form, multi-layer, and multi-channel educational model, based in Guangdong, facing the world, facing the future, and facing modernization, making Guangdong's economy soar, and fostering talent to bridge the turn of the century."

The school handles record-of-learning education and nonrecord-of-learning education, and this is a major characteristic in which the Hualian Academy differs from other public universities. For schools accepting

students with a formal educational record, it is necessary to participate in Guangdong's normal higher educational institution recruitment unified exam, and to admit students according to the stipulated grade line, while those who can pay their own fees pay, and, at the same time, a system of scholarships, grant-in-aids, and educational loans, has been established. After students graduate, they are given normal higher educational institution diplomas that are nationally recognized records of education. Nonrecord of education learning implemented by this school uses the experience of some foreign universities with the principle of "lenient in admission, strict in graduating," excusing students from an examination to enter the university in order to provide an educational opportunity for those students who have not yet achieved the required level for admission on the entrance exam and other young people in the society. Their academic curriculum, educational experience, ability to look after their own affairs, and discipline are completely the same as students with a record. After rigorous testing, and the making up of sufficient credits, the academy issues a written diploma. No matter whether the graduating student is a record or nonrecord student, a self-initiated job selection is conducted, or the student is recommended for employment by the school, and the state does not make an assignment.

In its early stage of establishment, Hualian Academy has focused on setting up a practical, foreign-style curriculum. In 1994, it established seven specialized curricula, including computer applications, foreign accounting, foreign enterprise management, marketing, specialized usage English, specialized usage Japanese, and applied industrial arts. After a new student enters the academy, the first semester is not divided into special fields of study, rather there is a unified set of classes, including training to strengthen English and computer skills, in order to foster a foundation for science and high technology talent. There are currently five teaching teams, primarily made up of retired professors from Guangzhou area higher educational institutions, and at the same time the school has also invited some outstanding middle-aged and younger teachers to come and give instruction.

The classrooms and student dormitories of this academy are all in place. At the same time, the school as yet lacks such things like standard computer rooms, a language laboratory, studios, and typewriter rooms.

*CASS Scholar Interviews Christians in Beijing

95CM0094B Hong Kong MING PAO YUE-KAN
[MING PAO MONTHLY] in Chinese No 348, Dec 94
pp 50-55

[Article by Wu Ying (0702 2019): "Christianity in China: Its Spread and Development in the Cities and Countryside"]

[FBIS Translated Excerpt] [passage omitted] I originally prepared more than 30 questions, and planned to visit

and comprehensively gather material from churches, youth centers, theological school teachers and students, and scholars and believers, but after discovering that this plan was not workable, I was forced to abandon it, and below is a summary of the interviews such as they were.

Views on foreign missionaries. There was a consistent belief that they are of assistance to churches in China, they bring good news to Chinese people, but also a belief that Christianity will only be capable of spreading if it adapts to the circumstances of China, and foreigners are not playing the leading role. There were also people who criticized foreign missionaries, saying that they do not understand China—for example, their mass meetings are sometimes like a party, quite festive—but faith is a kind of struggle, and requires one to accept many hardships and tribulations. I once met a young person who had participated in this type of mass meeting and gone through various states of mind: It would be convenient for going abroad, vanity, seeking novelty, friends, etc. He had also made excessive demands of the foreign missionaries, creating in them profound shock and disappointment.

Can China be "gospelized"? The majority reply: No, it cannot. There are also people who maintain an optimistic attitude, but believe that with regard to the rapid development of the past several years, the key is that the foundation is not sound, the government does not support it, and there are financial problems.

An appraisal of the future of Christianity in China. All had a totally optimistic attitude, and were quite satisfied with its development over the past several years. They thought that with reform and opening getting better and better, it will develop even faster from now on.

Views on family churches: consistently endorse.

Views on the society's morals and crime and one's own attitude towards life. In general, there was a belief that the present society is disgusting, with self desire expanding, money worship, people selling their souls, cheating and swindling, people being murdered and their goods taken, unscrupulous criminals, with no morals to speak of—this is the picture of Judgement Day, and the final judgement will come. There are some who believe that society should be more enlightened about matters such as premarital sexual relations and respect for peoples' attitudes. When it comes to crime, there was consistent belief that with the industrialized chaotic period that society now finds itself in, we should strengthen and perfect the law and rely on the law for handling matters, but the law is only an external thing, and is only able to have a deterrent effect. We should allow people to have inner personal discipline and a conscious willingness to give up committing crimes and creating evil. It goes without saying that Christianity can make this point, and as is known to all, the number of Christians committing crimes is extremely low, and there was a belief that the government should encourage

Christianity, not limit it. The government should promote good and give religion broad freedom. The discipline of religious doctrines and the discipline of the law on the surface appear quite similar, though in essence they are completely different, and an enlightened government should allow Christianity to freely develop, allowing people to develop mutual respect and friendly affection. If public security is good, people are honest and have loving hearts. It will be possible to reduce costs and accelerate development, and this will be of absolute benefit for the national economy. Speaking about one's attitude towards life, all people in their own words believe that later generations will be better, will change for the good, and this is possible through self discipline and control. Towards oneself, towards life, always have faith; do not lie; do not do immoral things; do not pick fights; do not argue with people; do not hate others; go visit and be reconciled with co-workers; have a loving heart towards others, and consider that if you yourself are at fault, sincerely repent, and feel repugnance towards your past instances of immoral activity. I asked a woman from an individual household whether there was a "dominant" being, and she said no, "I believe God is still able to do this. He most likely could." I asked two village youths if they did bad things. They laughed, and said: "we don't, we are guided by God and only do what God allows us to do."

Can Chinese culture be Christianized? The majority said no, some said that it is obeying its natural development.

Can Christian culture make a contribution to Chinese culture? Some said that they had not thought about it, and believed that we should first talk about faith, and then talk about culture, so much so that we are able to have no need to talk about culture. They feel that the work of some scholars in translating and making known Christian culture is not essential, and also believe that it could have an adverse effect, and one should only talk about faith. Another group believe that it has made a large contribution to Chinese culture and has become an important component part of a future Chinese culture.

Should church and state be separated? The consistent answer was that they should be completely separated.

Views on freedom of religion. One group believes that there are limits, and even go so far as say there is a greatly limited freedom, while another group believes there is no freedom. Those figures who hold the former view in enterprises run by local people, primary schools, foreign enterprises, and hospitals were all female; and those holding the latter view in institutions of higher education, organizations, publishing houses, factories, and other state-run units, rarely had publicly stated their own identity as Christians in the unit.

How the society views Christians. The answer is that it discriminates against and does not understand Christians. There is a belief that they should strengthen dissemination of their message, but the State Religion

Office has regulations, and only allows religious activity to be done within a church, so there is no way to spread the word.

Is Christianity capable of promoting democracy and human rights? The answers were quite consistent: of course it can promote these.

Traditional Chinese culture holds that human nature is intrinsically good, how can it accept the Christian concept of original sin? A Yanjing Academy student noted: "I originally was also very puzzled, I felt that I was very good, honest and kindhearted, and willing to help people, how could I have sin? Later, I understood that not understanding the divine plan is the greatest sin." But are those that are not aware that they do not understand the divine plan to be considered sinful? When I visited church A, I encountered a 76-year-old retired doctor from a large Beijing hospital, who came up to me and asked if I believed that there was no sin. She said that people's burden of sin is too heavy, and it is necessary to wait for the Last Judgement, when the gates of Heaven will be open, and she wanted very much to have people enter; that evening she also wanted me to pray for sinners. Believers, though they consider that there are major differences with traditional culture, accept that there is a need to have a dialogue, but in the end they all believe that they themselves have sin, that human sin is very great, and that those committing sin are to be pitied.

Why are there comparatively few Christians in Beijing? There were different answers to this, and there were roughly three key points: Beijing is China's political and cultural center, politically speaking it has to accept limits; intellectuals do not easily accept Christianity; and Beijing is a major international capital city, and values variety of choice. [passage omitted]

Science & Technology

Reportage on Commercial Satellite Launch Accident

'Will Not Affect' Future Launches

OW0802141495 Beijing XINHUA in English 1335
GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—The explosion of a satellite launching rocket January 26 will not affect the commercial satellite services plan for this year, said a project official here today.

The official of the China Great Wall Industry Corporation said that the explosion was anyway an unhappy event to all the parties involved in the contract. There are still risks, despite the great success having been made in the space industry of the world, he added.

On January 26 a "Long March 2E" carrier rocket with an Apstar 2 satellite disintegrated during an explosion just after takeoff.

Chinese and U.S. experts are investigating the cause of the explosion based on the data obtained and the debris of the rocket and satellite, the official said.

"We believe the cause of the accident will be found eventually," he said.

The official noted that "we are confident about the quality and reliability of the 'Long March 2' rockets, and the accident will not affect the original plan."

He said that the corporation has been actively cultivating the international market, and new launch contracts are expected to be agreed upon in the near future.

Investigation Proceeding 'Smoothly'

OW0902010495 Beijing XINHUA Domestic Service in Chinese 0946 GMT 8 Feb 95

[By reporter Xi Qixin (1153 0796 2450)]

[FBIS Translated Text] Beijing, 8 Feb (XINHUA)—In the wake of the explosion of the "Long March-2E" cluster rocket and the "Apstar-2" satellite during their flight on 26 January, Chinese and U.S. experts immediately reached an agreement to form an investigation team to find out the cause of the accident. At present, the work of investigation and analysis is proceeding smoothly.

A China Great Wall Industry Corporation official told reporters today that the explosion was an unpleasant event for every party to the contract. Space endeavors are a high-technology industry. They involve a certain degree of risk despite great achievements made in international space undertakings. Currently, the experts concerned, in using as reliable evidence the optical- and remote-measured flight data that they possess and the collected debris from the exploded rocket and satellite, are carrying out a well-planned, well-organized investigation and analysis. We believe that the cause of the accident will be found.

The official said: We are confident of the quality and reliability of the "Long March-2E" cluster rocket. This accident will not affect our commercial satellite-launching service program originally scheduled for this year. The China Great Wall Industry Corporation is continuing its cultivation of the international market. New customers are holding discussions with us, and new satellite-launching service contracts are expected to be concluded in the near future.

Editorial Blames Satellite

HK0902043295 Hong Kong TA KUNG PAO in Chinese 8 Feb 95 p 2

[Editorial: "Truth of Apstar 2 Blast Must Be Published in Detail"]

[FBIS Translated Text] In the early morning of 26 January, the "Apstar 2" telecommunications satellite carried by the "Long March 2E" cluster carrier rocket was launched at

China's Xichang Satellite Launch Center, but there was a sudden explosion on liftoff. Following the accident, both the Chinese and U.S. sides organized experts to conduct investigations. This is a scientific matter; the findings should be published in detail.

The satellite and carrier rocket were blown into fragments and scattered over the mountain area seven km from the launch site, killing six local residents and injuring 23. The Hong Kong-based APT Satellite Company, which ran the satellite, had insured the satellite for \$160 million with the China Pacific Insurance Company. Nevertheless, the accident meant a setback in the business of many enterprises in Hong Kong, Taiwan, China, the United States, and Britain, including Hong Kong Television Broadcasts Limited, which had leased space on "Apstar 2". Since the explosion caused staggering losses, it is natural that the relatives of victims in the Xichang mountain area, the customers of the satellite, and everyone concerned with China's aerospace enterprise want to know the reasons behind the accident and the truth concerning it.

Reporters of this paper have learned from various sources that the satellite triggered the blast, meaning that the satellite exploded first, and the rocket then self-destructed. The pictures taken, the monitoring data, and the black box recording all tallied, and pointed to the same conclusion: The explosion was not due to the Chinese rocket nor the launching process. The problem lay with the satellite rather than with the launching of the rocket.

In fact, China has performed better than other countries enjoying aerospace technology in terms of accuracy and safety in launching carrier rockets. The last two nasty accidents occurred when Chinese rockets carried the satellites built by the Hughes Aircraft Company. The first accident occurred on 21 December 1992, when the Chinese-designed "Long March 2E" carried the "Aussat," also built by the Hughes Aircraft Company. The "Aussat" also blew up 48 or 49 seconds after liftoff. What a striking likeness in the two blasts! When the same thing has happened more than once, it is necessary for us to take a scientific approach to discover whether there is anything in common in the mishaps.

After conducting investigations into the blast of the "Aussat," the Chinese and the U.S. sides published their conclusions in the form of a joint declaration in August 1993. Other people could hardly find the conclusion satisfactory. The joint declaration said: "There were no defects in the design, manufacture, or assembly of the rocket or the cowl [zheng liu zhao 2419 3177 496] which could lead to the accident. The Hughes Space Telecommunications Company accepted the conclusion.... The Hughes Space Telecommunications Company confirmed that no defects that could result in the accident had been found in the design and manufacture of the satellite. The China Great Wall Industry Corporation and the China Research Institute of Carrier Rocket Technology accepted the conclusion." Since nothing had

gone wrong with either the rocket or the satellite, how could the explosion have occurred? Was there any foreign factor or interference? In fact, the findings failed to reveal the cause of the explosion, and people did not know what they wanted to know after reading the joint declaration. Did the two sides actually fail to discover the truth, or did they intentionally try to cover it up? If they really took a scientific attitude, there was no reason why they should have been afraid of the truth. If they covered up the truth and failed to face the fact squarely, they would inevitably be punished by the facts. Since last month's satellite blast caused casualties on the part of innocent people, the general public is entitled to a detailed explanation of the accident.

Satellite launches are a risky enterprise, so accidents are not at all surprising, but great risk should not prevent our seeking the fullest possible assurances. Every accident has a reason, and we must discover it so as to avoid another identical disaster. How could we be regarded as taking a scientific approach if we trusted to luck for the considerable risk, and were unable to make heads or tails of the accident? When visiting the Research Institute of Space Technology to convey greetings to scientific and technical personnel on the eve of the spring festival, State Councillor Song Jian was right in saying: "The flourishing socialist market economy and modernization drive in China have enabled the space enterprise to grow more rapidly and to take on a new look. I hope you will first set strict demands on yourselves and dare to act. You should be bold enough to take on important and tough jobs, and should learn from your successes and failures so as to raise your scientific and technological level." He stressed the need to "set strict demands" and to "take action," while urging personnel to pluck up their courage to seek truth vigorously. It is hoped that the authorities concerned will not investigate the "Apstar 2" blast the way they did the "Aussat" blast when, following eight months of investigation, they gave out a joint declaration that plunged the public into confusion.

Eight Power Stations 'Generated by Tides' Set Up

HK0802153095 Beijing ZHONGGUO XINWEN SHE in English 1358 GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (CNS)—China has so far set up eight power stations generated by tides with total installed capacity of 6,120 kilowatts since 1958 when it began to do research on power generation by tides.

Just as utilization of solar energy and wind energy, exploitation of great and continuous energy from tides has become a popular subject for energy experts. As coastal line in China is as long as 18,000 kilometers, kinetic and potential energy produced by ebb and flow of the tides can generate 60 billion kilowatt-hour every year. And such power stations will not pollute environment and energy produced by tides will be never exhausted and can provide power for ever.

What China has set up are these kind of power station on a trial basis but some of them still enjoy large scale. Jiangxia's power station is China's first power station which can generate energy both at ebb and flow of the tides. Five generating sets have gone into operation in the station with a total capacity of 3,200 kilowatts and annual output of 11 million kilowatts-hour. This is the third largest power station generated by tides in the world following France and Canada.

World's Largest Cellular Phone Network Completed

OW0802233895 Beijing XINHUA in English 2212 GMT 8 Feb 95

[FBIS Transcribed Text] New York, February 8 (XINHUA)—Motorola has completed the initial widespread deployment of the world's largest contiguous Total Access Communications System (TACS) analog cellular network in China, the company announced today.

The nationwide cellular network provides automatic roaming service for subscribers in China by interconnecting Motorola's current cellular phone systems in the country's 18 provinces and the cities of Beijing, Shanghai and Tianjin, which provide cellular coverage accessible to about 85 percent of China's total population.

"The completion of this expansive contiguous TACS network demonstrates Motorola's strong capabilities of providing a total cellular network system and an incredible advancement in our goal toward providing ubiquitous wireless communications in a global marketplace," said Pertti Johansson, vice president and general manager of Motorola's International Cellular Infrastructure Division.

With completion of the network, a subscriber to the service in China's Heilongjiang Province in the far northeast can travel 3,000 kilometers to the city of Kunming in the southern province of Yunnan and automatically make or receive cellular calls.

Motorola, one of the world's leading providers of telecommunications equipment and services, worked with China's central and provincial post and telecommunications authorities to reach the initial agreement in March 1993 for installation of the nationwide cellular roaming network.

Military & Public Security

Leaders Show Concern for Army-Civilian Efforts

OW0802144395 Beijing XINHUA Domestic Service in Chinese 0843 GMT 5 Feb 95

[FBIS Translated Excerpt] Beijing, 5 Feb (XINHUA)—In the early 1980s, a new form for advancing social civilization and progress emerged on the tender earth of our republic; that is, the Army and civilians joined hands in building model communities.

This effort, which has always enjoyed the care and support of central leading comrades, has been advancing vigorously, displaying formidable vitality. [passage omitted]

At a central work conference in Beijing, December 1980: In a speech entitled "Implement the Policy of Readjustment, Ensure Stability and Unity," Deng Xiaoping, the chief architect of China's reform and opening up, specifically pointed out that the socialist China we are building should have a civilization with a high cultural and ideological level as well as a high material level.

In April 1982, Deng Xiaoping again clearly pointed out that promoting socialist spiritual civilization makes up "one of the prerequisite guarantees" for us to keep to the socialist road.

How to promote socialist spiritual civilization at the grass-roots level has thus presented itself as a task facing us. [passage omitted]

In April 1983, the General Offices of the CPC Central Committee, State Council, and Central Military Commission [CMC]—while jointly relaying a report of the on-the-spot Meeting of Baoding Prefecture on building advanced units through the joint efforts of the Army and masses—urged local party committees, governments, and Army units to learn from Baoding's experience in building civilized villages, neighborhoods, counties, and cities under proper leadership and step by step. On the eve of Army Day that year, Deng Xiaoping wrote the following inscription for the joint efforts by of Army and people in building model communities: "Carry forward the Army's glorious tradition of supporting the government and cherishing the people; the Army and people join efforts in promoting socialist spiritual civilization." [passage omitted]

The third generation collective central leadership with Jiang Zemin at the core has taken this joint Army-people effort seriously. Jiang Zemin expressed his ardent expectation that the military would march in the front in this effort. He expressly pointed out in his report to the 14th CPC National Congress that "we should continue to have model communities and units established jointly by the Army and the people and by the police and the people, so as to achieve cultural progress at the grass-roots level in both town and country." [passage omitted]

Earlier last year when the story of Xu Honggang demonstrating moral courage in defiance of brutal force appeared in the newspapers, central leaders including Jiang Zemin and Li Peng received him and other Army and civilian models who had distinguished themselves in either cherishing the people or in supporting the people on the eve of the Spring Festival. Jiang Zemin spoke highly of Xu's heroic deeds. He said that his deeds should be publicized in depth to help raise general standards of social conduct and to promote socialist spiritual civilization. More than once in his reports on government work, Premier Li Peng urged the Army and

civilians to join hands and make thorough and sustained efforts in building model communities. Vice Chairmen of the CMC Liu Huaqing and Zhang Zhen have also emphasized on many occasions that the work related to double support and the joint efforts in building model communities should be regarded as a key task in fostering even closer Army-government and Army-civilian ties. [passage omitted]

Strategist Views Global Military Situation

HK0802141195 Beijing JIEFANGJUN BAO in Chinese
18 Dec 94 p 4

[Interview with Wu Guifu (2976 2710 7450), deputy director of the Strategy Research Institute of the Peoples Liberation Army National Defense University, by staff reporter Wei Wei (7279 0251); place and date not given: "Peace on Earth Hard To Achieve in a Troubled World"]

[FBIS Translated Text] The year 1994 is drawing to a close. How should we look at the world military situation over the past year? The other day, this reporter interviewed Professor Wu Guifu, deputy director of the Strategy Research Institute of the PLA National Defense University, on this topic.

[Wei Wei] Compared with last year, what new features have you noticed in the world military situation this year?

[Wu Guifu] This year is the third since the Cold War ended. On the whole, the international situation has continued to move toward detente, but we have not even for a moment stopped hearing the sound of armed conflict. Peace on earth has not arrived. To sum up, the world military situation in the past year has the following characteristics: The number of armed conflicts has shown a rising tendency, further changes have taken place in the global security structure, new breakthroughs have been made in the military strategic adjustments of the leading countries, and the pace of quality army building [zhi liang jian jun 6347 6852 1696 6511] has accelerated significantly.

[Wei] Could you be more specific about the armed conflicts over the past year?

[Wu] This year, major breakthroughs have been made in the resolution of some old regional conflicts. For example, in South Africa, white minority rule and apartheid ended, formal agreements were signed between Palestine and Israel and between Jordan and Israel, and the DPRK and the United States reached a framework accord on nuclear issues. However, in the meantime, the number of local wars and armed conflicts around the world has continued to show a rising tendency. According to preliminary statistics, since the beginning of this year, there have been 38 armed conflicts and local wars of various sizes around the world, 15 of which newly broke out this year, and they are mostly found in the Balkan region on the southern edge of Europe,

Africa, and Central-West Asia. The worst conflicts occurred in Africa. Some armed conflicts, such as that in Bosnia-Herzegovina, escalated. Others, such as those in Afghanistan, Cambodia, Lebanon, and Yemen, were high-intensity conflicts, and a small number of conflicts showed some signs of high-technology warfare. What is noteworthy is that there have also been new developments in the uncertainty and instability of the situation in some potential hot spots this year. Northeast Asia, the Persian Gulf, and the South Asia subcontinent remained foci of attention from around the world.

[Wei] What are the new features of these adjustments to military strategy by the leading countries in the world?

[Wu] Because of the unique complexity and uncertainties involved in the transition from the old world pattern to the new one, the military strategic adjustments of the leading countries will naturally require quite a long time before they become final. There were two main characteristics in the military strategic adjustments of the world's leading countries this year, namely, a clearer, more concrete strategic guideline focusing on regional crises and conflicts. The Clinton administration's first "Defense Report" delivered at the beginning of the year gave a comprehensive analysis of the four main challenges and threats facing U.S. security and clearly set out the strategic principle of "winning two major regional wars simultaneously." The NATO countries highlighted the threat to Europe's stability from ethnic conflicts and territorial disputes in Central and Eastern Europe and the proliferation of weapons of mass destruction and ballistic missile technology, and paid more attention to strengthening NATO's military function in "crisis management" with emphasis on the prevention and control of regional conflicts. Russia, based on its assessment of its own security environment, has laid down the strategic principle of active defense, dominated by defense and supported by offense. The second feature is that theoretical studies of military operations have deepened and become more complete. This year, the U.S. military adopted a number of new measures to continue to supplement and improve its "air, ground, sea" integrated combat theory. Amendments to the combat theories of all of its armed services have made significant progress and entered a stage of gradual implementation and improvement. The NATO nations, based on the new principle of "multidimensional defense," have given more concrete content to their combat theory. With an increase in destabilizing factors and an intensification of conflict in Southern Europe, NATO has begun to shift the focus of its defense from Central Europe to the south and to formulate specific operational principles to handle various crises. Russia has explored in greater depth a combat theory revolving around its defensive "all-dimension mobile operations," highlighting the need to achieve flexible deployment of troops, establish regional commands and campaign commands, and adjust its mix of power. It has emphasized the organic integration of all-dimensional defense and mobile defense.

[Wei] Are there any new measures that the leading countries have adopted in quality army building this year?

[Wu] This year, quality army building in various countries has come to the fore even more. It mainly finds expression in the following measures: continuing to cut military expenditure, eliminating outdated equipment and reducing the armed forces establishment, concentrating on developing high-technology weaponry and equipment, and emphasizing the optimization of troop structures.

[Wei] With the increase in the number of armed conflicts, the United Nations has been sending more and more peacekeeping troops to hot spots. How should we look at the UN role in reconciling and handling major international security problems?

So far, the United Nations has sent 14 peacekeeping forces to different parts of the world, with a total strength of more than 60,000. The number of nations taking part in UN peacekeeping efforts has significantly increased, the scope of such efforts has constantly expanded, and peacekeeping tasks have become ever more complicated. This fully illustrates the fact that most countries around the world hope that the United Nations can play a bigger role in safeguarding international security after the Cold War. However, one should be able to see that some negative tendencies in UN peacekeeping efforts have seen new developments. For instance, peacekeeping actions have taken another step toward "enforcing peace" from "keeping peace" and armed deterrence has developed into military strikes. This year, there have been five military strikes using high-technology means. The most typical case was an air strike against the Bosnian Serbs. Besides, in the shadow of power politics, the tendency to impose military interference in the internal affairs of sovereign states in the name of "the United Nations" has increased somewhat, aggravating the conflict between peacekeeping operations and the sovereignty of the nations involved. In some countries, UN peacekeeping operations have expanded from their previous supervisory and monitoring role to interference in these countries' internal affairs, leading directly to many negative consequences.

[Wei] How will the world military situation develop next year?

[Wu] Looking forward to the world military situation in 1995, I would like to offer the following basic predictions: Driven by the mainstream trend of peace and development in our times, the overall military situation in the world will continue to move toward deterrence. Nevertheless, the turbulent and unstable side of the international military situation will remain and develop. It will rise and fall alternately in different parts of the world and will become the main factor affecting regional stability and global security. The situation in some hot spots may become more complicated because of conflicts of interest between certain powers. In the meantime, the countries of the world will continue to speed up the

process of military strategic adjustments and new developments will also be observed in military security cooperation.

Military Enterprise Bureau Achieves 'Fine' Results

HK0902061495 Guangzhou NANFANG RIBAO in Chinese 6 Feb 95 p 2

[Report by Hu Jianyi (5170 0494 3015), and Zhu Chuanning (2612 0278 3237): "Dongshan Enterprises Bureau Under Guangzhou Military Region Achieves Splendid Economic Results in 1994"]

[FBIS Translated Text] Dongshan Enterprises Bureau, under the Guangzhou Military Region, scored fine economic results in 1994 by strengthening operations and management so as to adapt constantly to market changes. The bureau fulfilled a gross output value of 23 million yuan, with profit per employee totalling 17,000 yuan.

Based on changes in the market situation, they adopted an operational strategy characterized by meeting changes with changes, and did a relatively good job of winning the market. In accordance with a slack tourist market and structural change in the source of tourists, the five tourist enterprises, including the Dongshan Guest House under this bureau, changed their past practice of relying on individual tourists, and organized forces to go to society in an extensive way to attract tourist teams, trade delegations, and organizations participating in conferences of every description, thereby increasing the number of rooms leased on long-term basis, and thus raising their average occupancy rates. In the meantime, industrial enterprises paid attention to changing their product mixes, and occupied the market with their famous brand, good-quality, and new products. They improved on the packaging of popular products that were famous throughout the Army, such as "Yangcheng-brand" medical apparatus, and the improved "Around the Universe-brand" cold cream. They set up marketing networks and counters in some 100 large and medium-sized cities, and their products remained popular on the market.

This bureau also paid attention to augmenting market competitiveness through improving enterprises' qualities in their entirety. They reformed worker-recruitment methods; various tourist industrial units established links with tourist-industry vocational schools in related provinces and cities so as to arrange preferential treatment for interns and

graduates; and they have done a relatively good job in improving the quality structure of the rank and file of workers and staffers. At the same time, they did a good job in grasping the systematic on-the-job training of workers and staffers, and their return to vocational schools for further training. In addition, all units adhered to unfolding emulation in service skills and technical checkup each year, thus promoting improvement in service quality, with a continual increase in the number of old customers, and in the number of new customers brought along by old ones. Consequently, the Songlin Hotel maintained an average occupancy rate of 92 percent.

Guangdong Cracks Down on Crime During Holidays

HK0902104795 Beijing ZHONGGUO XINWEN SHE in English 0813 GMT 9 Feb 95

[FBIS Transcribed Text] Guangzhou, February 9 (CNS)—The Winter Operation launched by the Guangdong Police Force has been proved highly successful with 7,656 serious crimes smashed during the month-long campaign and has given the local people a very happy and peaceful Lunar New Year holiday.

In order to maintain public order during the extended Lunar New Year holiday period in the Province, public security organs at various levels launched a large scale campaign called "Winter Operation" to fight against crimes there. Before the holidays, the Director of the Guangdong Provincial Public Security Bureau, Mr. Chen Shaoji had gone to Foshan and Zhaoqing to supervise pre-operation arrangements. Altogether, some 300 teams with 2,400 police officers were assigned by various public security bureaus to carry out patrol duties in major locations and check points.

According to incomplete statistics, during the month-long operation, there were some 24,000 police officers and 200,000 militiamen patrolling on the streets and in villages everyday. Most of the cities and counties had mobilized half of their police power to maintain public order. During the period, the provincial police force had arrested 11,972 criminals, seized 436 guns (including 63 guns used by the army), 2,492 bullets, 653 lethal weapons, 1,667 detonators, 2,041 kilograms of explosive and a batch of stolen goods worth 30 million yuan.

General**National Economic Operation's Statistics Released***HK0902093295 Beijing XINHUA Domestic Service in Chinese 1209 GMT 18 Jan 95*

[FBIS Translated Text] Beijing, 18 Jan (XINHUA)—The latest statistics of the State Statistical Bureau showed that the national economy in our country basically maintained a normal condition of operation in December 1994. Industrial production continued to increase in a stable manner; the domestic market was brisk; the monetary situation was basically normal; and the rate of increase in prices declined to a certain degree.

According to statistics, in December 1994, the industrial enterprises at and above the township level throughout the country created an industrial added value of 172.2 billion yuan, an increase of 15.5 percent over the same month of the previous year. The added value in heavy industry increased by 16 percent over the same month of the previous year, and the increase rate was one percentage point higher than that in light industry.

Statistics also showed that the market for consumer goods in our country continued to be brisk in the second half of 1994. In December, the gross volume of retail sales for the whole country reached 192.2 billion yuan, and increased by 10.2 percent in real terms with the factor of price hikes being deducted. The retail sales in cities increased by 13.3 percent; and increased by 6.8 in the rural areas. At the same time, high-speed growth was kept in the field of exports. The monthly volume of exports reached \$18.5 billion, an increase of 36.8 percent over the same month of the previous year; the monthly volume of imports was \$17.9 billion, down by 0.9 percent as compared with that in the same month of the previous year. In the monetary aspect, deposits increased substantially, and loans decreased. The amount of money supply decreased by 4.4 billion yuan as compared with the same month of the previous year.

Textile Chief Views Enterprise Reform*HK0902054895 Hong Kong SOUTH CHINA MORNING POST (CHINA BUSINESS REVIEW SUPPLEMENT) in English 9 Feb 95 p 1*

["Edited transcript" of interview with Wu Wenying, chairman of the China National Textile Council, by David Lake and Ming Cui; place and date not given—first six paragraphs are authors' note]

[FBIS Transcribed Text] With 1995 hailed as the Year of Enterprise Reform, state enterprise managers have been told that the government is no longer eager to prop up failing businesses; if enterprises cannot perform, they must face the prospect of mergers or bankruptcy. But while restructuring a Chinese enterprise is a monumental task, it is little compared with re-engineering an entire

sector, the task of Wu Wenying, chairman of the China National Textile Council (CNTC).

Comprising 16 per cent of gross national product producing the largest tax revenues, employing 15 million people, encompassing 20,000 companies, and accounting for 30 per cent of China's exports, the textile industry is a driving factor behind economic growth.

After 40 years in the business, Ms Wu knows as much about managing textile companies as anyone in China. She worked as the Minister of Textiles for 12 years before the State Council reshaped the ministry into a council in 1993. A graduate from East China Textile Institute of Science and Technology in 1963, Ms Wu believes quality and fashion are the keys to the industry's future. Nor can one play down her influence in the way China views fashion. As the Yves St Laurent of Beijing, Ms Wu makes sure China's leaders are dressed for success, noting the impact the fashion of senior leaders has on the masses. She also ensures that new fashions appear continuously and that stores are filled with garments.

Under Ms Wu the industry has made great strides. Much has improved since the days of cloth rationing—stores are filled with garments, and new fashions are seen in stores from Shenyang to Shanghai. In 1993, 3.5 billion garments were produced, five times the total in 1978. Textiles have become China's largest export, generating US\$27 billion in 1993, and Ms Wu has led the thrust into global capital markets.

As chairman of Yizheng Joint Corporation of the Chemical Fibre Industry, the holding company of Yizheng Chemical Fibre, Ms Wu was instrumental in the polyester producer's HK\$2.38 billion H share listing in Hong Kong.

Ms Wu spoke to the South China Morning Post of the industry's promise and the challenges of restructuring. The following is an edited transcript of the two-hour discussion:

Question: How does the textile industry fit into economic reform?

Answer: Chinese economic reform has been proceeding steadily for 16 years, and we are now witnessing radical enterprise reform. My task is to see how textile companies will fit into the restructuring process, creating value and making our industry more flexible. To succeed, the textile industry must be able to supply a demanding domestic market while competing on a global scale.

And the industry has also moved along well. I remember the days when one coupon purchased a few metres of cloth per person per year, the amount differing from province to province. It was not enough to meet the needs of the nation. Now we are exporting. We are the number one producer of silk, the number two producer of wool, and our people can buy new suits of clothes each

year. At the same time, there is an increasing variety of fashions. This market holds tremendous promise.

The fundamentals are there. Our population will reach 1.3 billion by the year 2000, and we cannot depend on imported fabrics or products to clothe the nation. We must continue to build capacity and make more varied products. People want better quality, more fashionable clothes. Once only high-income families bought decorative fabrics and clothes; now the rest of the nation wants these goods. Per capita consumption of fabric is just 4.5 kilograms, compared to more than 20 kilograms in the United States. Can you imagine the opportunities in meeting the demand of a more prosperous China? From 1980 to 2000, GNP will double; the textile industry will be in line with that growth.

Q: How do you plan to restructure the industry?

A: The industry's whole structure must be reasonably managed. But do not underestimate the obstacles. Remember, companies are not only faced with one reform, they are faced with four: economic, technological, structural and financial. The State Council has called for the creation of a modern enterprise system and our job is to support and encourage enterprises and industrial groups to develop reform programmes. However, there will be hard choices. If a company's production is no longer in demand, it must refine its focus. Money-losing ventures with no way forward will be used as experiments in bankruptcy.

Needless to say, restructuring 20,000 textile companies will be creative. There are textile bureaus in provinces across China, each with its own approach. To gather information on how to proceed, bureaus have done research in countries that have gone through similar restructuring. We are not the first to diversify business and create new opportunities to absorb workers. But we can never forget the unique challenge of managing a 15 million person workforce. Modernisation may mean we no longer need all these workers. If that is true, what is to be done? In some cases, we will allow companies to go into other major industries in order to support their main production line and absorb workers. In the end, we must learn from the experience of other countries, like those in Eastern Europe, which have faced similar problems in diversifying industry and creating new opportunities to absorb workers.

Q: This will take a lot of capital.

A: Of course. Finance will come from four areas: state bodies, internal resources, new equity and, most importantly, foreign investors. Capital will be spent on new technologies and adjusting the industrial structure. We will work with our foreign counterparts to invest in new technologies and vertically integrated production lines. Although we have made advances in technology, some factories use 80-year-old machines. In particular, we need a tremendous amount to upgrade technology in our chemical fibre and raw materials sector, and we want to

open this up to new foreign financing. China urgently needs to develop the production processes for the raw materials that go into textiles. For example, before we can make polyester, we need polyester chips. This requires large and modern plants, and we hope to funnel foreign capital to this area in particular. Basically, we are looking for strong foreign groups to help us vertically integrate from raw material to finished product under a single organisation in the production of chemical fibres, silk, wool and cotton. Still, since the reform process began, our development in these areas has enjoyed tremendous progress:

—We can now produce the most advanced textile machinery.

—We have a strong internal technology research and education system.

—We have 130 research institutes and 23 universities and textile technical schools with some 40,000 students.

Q: But can you get the capital?

A: I admit that tapping capital markets is not an easy task, not even for a group as well established as the Textile Council. Recently, CNTC established a unique US\$100 million direct investment for international investors. We chose the best textile companies and offered them to foreign investors in Hong Kong, the US and Europe. It has been hard to attract money at a time when emerging markets have fallen, and the Hong Kong stock exchange is down. Still, direct investment is popular with many foreign fund managers and this is one way to go in the future. I truly believe that funds such as our Industrial Development Capital Fund can be popular.

Q: Can you explain your dual role of running the council and overseeing Hong Kong-listed Yizheng?

A: Normally, one cannot become chairman of a private enterprise while holding a government position. If I were still Minister of Textiles and still a member of the State Council, I could not take this job.

The development of Yizheng, located in the Yangtze River Delta and one of the world's five largest polyester enterprises, is close to my heart. Our H share listing was approved in March 1993, and we launched a campaign to attract global investors to one of the largest H share issues. Partly with the H share proceeds, Yizheng opened new facilities in 1995. Now, CNTC holds 70 per cent of Yizheng shares and CITIC is the second largest shareholder.

More than 12 years of development have seen great achievements made at the Yizheng complex. The equipment is more advanced, output is efficient and product quality is high. It now produces 600,000 tonnes of polyester, and expanded production facilities are being built.

Q: The Chinese Government is worried that it is selling state assets for too little. One of your challenges will be valuing the textile industry. Will this be hard?

A: In the case of Yizheng we used Peat Marwick to evaluate the assets, so there was no question of following international standards. But we do not need to rely only on foreign expertise. China has accounting and auditing firms working to the pressures of international reporting. Of course, there can be underestimations of value during the restructuring of enterprises, but that is also true in the case of Western companies.

Q: What is your view on the outlook for international listings?

A: After the first nine H share listings, state enterprises thinking of going public were encouraged by the approval of another 22 listings. The textile industry has had good luck in this process. We had one listing in the first nine and two in the next 22 but companies must bide their time. Everyone knows international markets have been soft—not only for Chinese companies but for everyone—so when the market returns, we will look for opportunities.

But a primary listing on a foreign market is only part of the capital equation. The A and B share market can be important, and two dozen textile companies have B shares. Erfangi listed an ADR on the back of its B share in New York.

Still, as the numbers show, few companies are chosen and those chosen must show a strong market for their product, and the ability to develop it. Management must be topnotch and companies profitable short and long-term. That is what enterprise reform is all about.

State Enterprise Reform Measures for 1995 Listed
OW0902113495 Beijing XINHUA Domestic Service in Chinese 1039 GMT 7 Feb 95

[By reporter Li Anding (2621 1344 1353)]

[FBIS Translated Text] Beijing, 7 Feb (XINHUA)—The State Economics and Trade Commission [SETC] recently published key points for reforming state-owned enterprises in 1995.

The ideology guiding the work of deepening enterprise reform in 1995 is: Implement the guidelines of the "Decision" of the Third Plenary Session of the 14th CPC Central Committee ["Decision of the CPC Central Committee on Some Issues Concerning the Establishment of a Socialist Market Economic Structure"]; concentrate on the three key links—drawing a clear distinction between the responsibilities of the government and those of enterprises, improving enterprise internal management, and gradually establishing a social security system; successfully carry out the experiment of establishing a modern enterprise system and the experiment of "optimizing capital structure" in several cities; and use these

two experiments to make a breakthrough and achieve substantive progress in changing operating mechanisms, promoting the establishment of new systems, accelerating structural readjustment, and carrying out supplementary reforms.

In line with this ideological guide, the SETC has put forward 10 measures to deepen reform of state-owned enterprises in 1995:

- Select a number of enterprises to experiment in establishing a modern enterprise system. In accordance with the "Company Law," the supplementary rules and regulations, and the "Experiment Plan" approved by the State Council, concentrate efforts to carry out the experiment of establishing a modern enterprise system in 100 enterprises selected by the State Council.

- Continue to implement the "Enterprise Law" and the "Regulations Concerning the Transformation of Operating Mechanism of Industrial Enterprises Owned by the Whole People," enforce the "Regulations Governing the Supervision and Management of State-Owned Enterprises' Property" and the "Labor Law." Earnestly strengthen the basic management of state-owned assets, establish a system of responsibility for managing enterprise assets, and assign responsibility for preserving and increasing the value of state assets. The SETC, together with the National Administration of State Property, shall prepare the namelist of 1,000 enterprises to be supervised by State Council-authorized supervisory organs. The SETC shall formulate appropriate supplementary measures and, with the approval of the State Council, shall appoint supervisory boards by groups and in stages. The first group of supervisory boards shall be appointed in 1995.

- Increase, through a variety of channels, the amount of funds available to enterprises for production and operations and establish a mechanism enabling enterprises to raise supplementary funds for production and operations. Within the limit of its financial resources, the state may gradually establish a channel to steadily pour capital in selected state-owned large and medium key enterprises.

- Increase investment in enterprises for technological transformation and accelerate technological transformation of enterprises. In line with the principle of supporting the good and the strong, pool financial resources to support a number of selected state-owned large and medium key enterprises that are equipped with good leading bodies, possess effective operating mechanisms, have bright market prospects, and turn them into superior enterprises with strong competitiveness in the international market.

- Remove surplus enterprise personnel and social functions from enterprises. Pilot enterprises must first remove surplus personnel from their jobs. After providing them with proper training, enterprises then

gradually assign them to other jobs or send them to society for re-employment. In removing social functions from enterprises, the emphasis shall be placed on transferring those functions to logistic and service units. In cities or districts with necessary conditions, some enterprises may be chosen to explore ways to remove public welfare functions and transfer them to welfare units.

- Adopt measures to resolve the question of excessive debt burden on state-owned enterprises incurred due to historical reasons. In combination with the change of company system, pilot enterprises conducting experiments in establishing modern enterprise system shall implement relevant policies governing assets inventory and the "use of loans in place of appropriations" to increase state portion of an enterprise's capital.
- Strengthen enterprise internal management, strictly manage plants in accordance with the law, and improve the overall quality of enterprises. Continue to deepen activities to "change operating mechanisms, improve management, promote internal strength, and enhance economic efficiency" to help enterprises stop losses and increase profits. Carry out comprehensive evaluation of the leading bodies of a number of large and medium enterprises in a well-organized way, remove unqualified managers, and readjust leading bodies that have too many problems and contradictions. Closely integrate reform and management; earnestly strengthen basic management work, particularly the management of capital, cost, and quality; perfect the system of responsibility and performance evaluation within an enterprise; strictly implement state laws, regulations, and rules governing product quality, standards, measurement, and finance and accounting; and organize departments concerned to strengthen supervision and spot checks. Strive to increase the budget actually used by state-owned large and medium enterprises for research and development and make constant efforts to increase their technological standards.
- Carry out strategic readjustment of industrial and enterprise structures. Measure and forecast the cost of reform in light of state and local financial resources. Using mergers and takeovers as the primary means, supplemented by other means such as forming Sino-foreign joint venture, leasing, transferring, contracting out, and declaring bankruptcy, seize the opportunity to carry out structural readjustment of state-owned enterprises step by step and in a well-planned way.
- Continue to carry out the experiment on enterprise groups.

Collective Enterprises Not To Share State Assets

HK0902112295 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0719 GMT 12 Jan 95

[FBIS Translated Text] Beijing, 12 Jan (ZHONGGUO TONGXUN SHE)—China's State Administration of

State Property has recently promulgated "Interim Measures for Defining State Assets in Collective Enterprises." The "Measures" stipulate that state assets within collective enterprises shall belong to state and that collective enterprises shall possess and operate state assets in the capacity of a legal person. Collective enterprises shall also be duty-bound to protect and increase value of state assets. State assets shall never be quantitatively turned into collective or individual assets.

The "Measures" state that collective enterprises shall follow a leasing system in requisitioning whole people-owned land and pay rents to land-owning units. No enterprises or units funded exclusively by investments of state assets shall be registered as collective enterprises. When setting up collective enterprises, whole people-owned units shall not place gratis their own key workshops and departments under collective operation, nor shall they be allowed to transfer whole people-owned units' profits to collective enterprises in various forms.

Progress Seen in County-Level Comprehensive Reform

OW0902105295 Beijing XINHUA Domestic Service in Chinese 2146 GMT 7 Feb 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 8 Feb (XINHUA)—In recent years, China has made remarkable progress in carrying out county-level comprehensive reform aimed at unifying urban and rural economic development. Currently, the economic growth rates of 350 counties that are carrying out comprehensive reform on a trial basis across the nation are generally 10 to 20 percentage points higher than those of counties where no experiments are being carried out in this regard. A strong momentum in economic development has emerged in those counties that are carrying out the reform.

In carrying out the county-level comprehensive reform which it commenced in the early 1980's, China has actively explored issues that mainly deal with reforming county-affiliated industrial and commercial enterprises, cultivating key competitors in the market, establishing a market system, building small towns, improving the socialized service network, and reforming the social security system. It has gained successful experiences in this regard.

Small towns are the first to have benefited from county-level comprehensive reform as they have developed at a markedly accelerated pace. The ever-intensifying reform and rapid county economic development have led to the proliferation of small towns that are driven by the market, serve as transport hubs, depend on tourism development, serve industrial and mining enterprises, are located on the outskirts of cities, and are led by village and town enterprises. The number of small towns in China now exceeds 55,000, 6.7 times that of 1978.

Another important feature of county-level comprehensive reform is the development of economic entities that integrate trade, industry, and agriculture in an effort to industrialize the rural economy. In carrying out reform on a trial basis, many areas in the country have formed "integrated" industrial entities with distinctive features through the extensive implementation of the strategy of optimizing and combining dominant industries in the rural economy at all levels, in all manners, and in various fields in accordance with the requirements for integrating production, supply, marketing, crop cultivation, fishing breeding, poultry raising, processing, trade, industry, agriculture, economics, science, and education while maintaining the household contract responsibility system with remuneration linked to output. They have effectively advanced the process of industrializing agriculture and the rural economy in accordance with the requirements for specialized production, optimum-scale operations, standardized management, and socialized services. Counties with fairly rapid economic development in eastern and central China have industrialized the rural economy on a considerable scale, with many of them having industries comprising several "integrated" operations.

In recent years, the experiment with county-level comprehensive reform has yielded remarkable results in the trial implementation and standardization of the stock cooperative system in rural areas. Various localities have formulated a series of laws and regulations on developing stock cooperative enterprises while actively promoting reform aimed at establishing a stock cooperative system. At present, village and town enterprises that have implemented the stock cooperative system nationwide represent more than 10 percent of the total number of village and town enterprises in the country. A distinctive feature of the reform is that the stock cooperative system has been extended from secondary and tertiary industries to various sectors of the rural economy as the areas carrying out the experiment have gradually expanded, and enterprises have shifted their emphasis from raising capital to converting mechanisms. Meanwhile, community-based stock cooperation has taken initial shape.

Shanghai Reports Securities Crimes Quadruple in '94

HK0902051995 Hong Kong AFP in English 0346 GMT 9 Feb 95

[FBIS Transcribed Text] Shanghai, Feb 9 (AFP)—Criminal cases involving embezzlement of funds for trading in shares surged last year to 86 cases, four times more than in 1993, a newspaper reported Thursday [9 February]. The Shanghai Securities News daily said the total amount of money involved in the cases was 150 million yuan (17.8 million dollars), giving an average of 1.614 million yuan in each case, 1.44 million yuan more than in 1993.

Of the 98 people prosecuted, 48 percent were below the age of 25, 40 percent between 26 and 35 years old and

the youngest person prosecuted was only 19, the report said. The report said a study of the psychology of offenders found discontent caused by the widening income gap to be one reason they embezzled public funds to trade in shares. Some were copy cats, others were tempted to take risks because of the ease of transferring funds while some could not resist using their expertise to deal in shares for their personal gains, the report said.

Company Offers Commercial Database Service

OW0902035795 Beijing XINHUA Domestic Service in Chinese 1037 GMT 8 Feb 95

[By reporters Zhang Jinsheng (1728 6930 0524) and Yang Qing (2799 7230)]

[FBIS Translated Text] Beijing, 8 Feb (XINHUA)—The database, the heart of contemporary information consulting services, has attracted great attention around the world. In the early nineties, for instance, annual output value derived from databases in the United States reached more than \$8 billion, while the output value derived from databases in Japan was nearly 190 billion yen. In the last decade, China has put in great efforts in this area and has built more than 800 databases with approximately 50 million items of information. These databases have made major contributions to China's economic construction and the development of its science and technology, culture, and education.

However, information experts are not optimistic about the prospects. The reason is that, because of the constraints imposed by the old structure and operating mechanisms, more than 90 percent of the databases in our country are operating primarily within one department or industry. As a result, stored information is updated more slowly and is shared by fewer consumers. The Huasheng Investment Information Consulting Company, Ltd., a company characterized by its boldness in exploring new frontiers—recently opened a commercial business opportunities database, which has earned the respect of information experts. The experts believe its new experiment in providing database service is a precursor of future information services in China.

The company, a joint venture of the China Economic Information Service and Taiwan's Shengdazhuang [Shengtachuang] Cultural Enterprise Group, was founded two years ago. Since then, the company has concentrated on developing the Huasheng Investment Database and its auxiliary databanks and has used its database to expand its information consulting service. The measures adopted by the company to develop its database are different from those adopted for other databases in China. First, the charges are lower. The company charges a fee of between \$10 and \$100 for each item of information provided. Second, it has wide dissemination. In addition to providing information stored in the database to the general public for search and collection, it also promptly sends collected information

to more 50 other countries and areas through text files, CD-Roms, computer networks, and other means. Further, the company pays attention to information feedback. Whenever they want, consumers are able to communicate with the company using a "feedback list" provided by the company. Once an item on business opportunities receives responses abroad, the company will provide an extended follow-up service. If nobody responds to the information after a year of it being published, the company will make a partial refund to the advertiser.

The company is putting in a big effort to develop the Huasheng Investment Database and its auxiliary databanks—businesses opportunities databank, investment environment databank, policies and regulations databank, enterprises index databank, and databanks on special subjects. While developing the database, the company is making full use of the resources available in the database to provide information to its consumers, to conduct market surveys, and to bring in capital and technology. At present, the company has incorporated 25 industries in its database. On the basis of this, and using domestic and overseas markets as a guide, the company is gradually transforming stored information into commodities to provide a regular, systematic, and orderly service to consumers and meet society's needs. The company's action has received attention and support from experts at the State Information Center and other government departments concerned.

Economy of Chang Jiang Delta Said Thriving

OW0802164795 Beijing XINHUA in English 1625 GMT 8 Feb 95

[FBIS Transcribed Text] Shanghai, February 8 (XINHUA/OANA)—The Chang Jiang River Delta, one of the most developed areas in China, has seen a big increase in imports and exports and the introduction of foreign funds over the past year.

The delta area includes Shanghai, the leading manufacturing center in China, and Jiangsu and Zhejiang provinces, which are rising economic giants.

Exports from Shanghai topped nine billion U.S. dollars in 1994, up 22 percent from the previous year, and they have been growing at a double-digit rate since 1992.

Jiangsu handled imports and exports worth a total of 12.8 billion U.S. dollars, up 47 percent, with the latter expanding nearly 50 percent in 1994 to 8.93 billion dollars, and last year the province shot ahead of Shandong and Liaoning provinces as China's third largest exporter.

Zhejiang exported 6.26 billion U.S. dollars worth of goods in 1994, 40 percent more than in 1993, with manufactured goods accounting for 85 percent of the province's exports.

According to some economists in Shanghai, the use of foreign funds has served as a driving force for the Chang Jiang River Delta in spurring its export-oriented economy.

Shanghai brought in 10 billion U.S. dollars in overseas funds last year, up 40 percent from 1993. Jiangsu introduced 4.2 billion dollars in similar funds, a 48 percent increase, while the amount brought into Zhejiang Province rose 11 percent in 1994 to 1.36 billion dollars.

Local businesses are being encouraged to open firms in other countries, with 460 overseas companies so far having been opened by businesses in Shanghai.

Guangzhou Leads in Pearl River Planning Committee

HK0902055095 Hong Kong SOUTH CHINA MORNING POST (CHINA BUSINESS REVIEW SUPPLEMENT) in English 9 Feb 95 p 4

[By Rowena Tsang]

[FBIS Transcribed Text] The establishment of the Pearl River Delta Planning and Co-ordination Committee in November has spearheaded the economic integration of the region, with Guangzhou the dragon-head of the south. The committee, with the Vice-Governor of Guangdong, Zhang Gaoli, as chairman, comprises the mayor and a senior official from each of the cities in the region, with the exception of Guangzhou which sends five representatives. Nine cities are included in the Pearl River region: Guangzhou, Shenzhen, Zhuhai, Foshan, Jiangmen, Wuzhou, Zhongshan, Dongguan and Zhaoxing.

Guangzhou pays particular attention to the committee because it sees itself in the leading role. Guo Xiling, director of the Guangzhou Planning Committee, said the committee aimed to co-ordinate economic development of the cities in the delta and reduce unnecessary competition between them. "It will not replace or overthrow any of the cities' original plans as it focuses only on the region as a whole," added Mr Guo.

It is largely conceded that in the long run Guangzhou will be the industrial hub of the south, the centre of communications and transport in the region and the financial centre of the Pearl River Delta. It is clear that all the plans of the city aim at such a goal. "We are going to establish some regional banks this year and at the same time increase the number of foreign banks from the current 13 to 20," said Mr Guo, speaking of this year's annual plan for the city. He disclosed that proposals for four investment funds, targeted at infrastructure developments, were submitted to central government for approval. Their sources of capital all came from domestic enterprises and local authorities, with no foreign parties involved.

While an inflation rate of more than 20 per cent had been a disturbing problem for most of the country, Mr

Guo said the chief head aches for the city were public order and transport. Guangzhou's inflation rate ranked second-lowest in the country last year, with prices increasing only 16.6 per cent year-on-year. Inflation for the whole of Guangdong province was 19 per cent, compared with the 24.2 per cent for the nation. "The target for this year is to maintain inflation growth at 15 per cent. We do not desire rapid growth in the long run, especially under the current credit squeeze policy."

The gross domestic product of Guangzhou was 97 billion yuan (HK\$88.9 billion) last year, growth of 20 per cent against the year before. Per capita output was around 15,000 yuan, the highest in the country. Guangzhou's average annual salary for city residents was around 8,000 yuan, while for rural areas it was 3,000 yuan to 4,000 yuan. The government would revise the cost of living index this year, said Mr Guo. The minimum cost of living for an individual, which was 250 yuan a month last year would be raised. Mr Guo said the upsurge in food prices due to flooding had led the government to pump in several hundred million yuan in subsidies last year, placing a heavy burden on its budget. Other subsidies included individuals' allowances, which usually made up 20 per cent of their salaries.

Another focus in this year's plan was the establishment of a social security system for retired workers and workers in ailing state enterprises, Mr Guo said. State enterprises suffering from financial problems made up a quarter of the city's total. Mr Guo said there was a suggestion that an old age fund and an insurance fund should be formed with the assets of state enterprises. Those funds now have three sources: the state, the enterprises and individuals. But the amount is still inadequate. "It is a good idea to take a certain portion of state assets to form the funds, but the main concern is to guarantee it will not lead to a loss of state assets," said Mr Guo. He admitted that the suggestion was part of a plan paving the way for some ailing enterprises to declare bankruptcy this year. However, he refused to disclose the number of enterprises involved.

Other city plans for the year will include support for agriculture and water conservancy. Key infrastructure projects, including initial work on the new airport and the power station, are on the agenda, according to Mr Guo. In addition, the government is considering setting up a system to assess the profitability of state enterprises, with the aim of improving management performance.

Report on Growth of Jiangsu Economy

*OW0902035395 Beijing XINHUA in English 0329
GMT 9 Feb 95*

[FBIS Transcribed Text] Nanjing, February 9 (XINHUA)—Jiangsu, an economically developed province in east China, has seen an average increase of over 20 percent in its gross domestic product over the past three years.

The growth rate was 18.5 percent last year, and 27.7 and 20.1 percent in 1992 and 1993, respectively—averaging 21.7 percent. The result has been big increases in exports and retail sales.

Meanwhile, the revenue of the province rose by 45.3 percent and 37.4 percent over the past two years, respectively. Its total bank deposits rose by 38.65 billion yuan in the same period.

During the 1984-1988 period Jiangsu experienced an annual 13.6 percent increase in gross domestic product.

The increase rate of investment in state-owned fixed assets fell to 29.5 percent from 67.4 percent in 1992, causing a ten percent reduction in the number of projects started last year. In 1993 the province completed building and repair work on 841 projects.

However, construction of key projects in the sectors of energy, communications and raw materials has been going smoothly. The electricity generating capacity of the province rose by 3.1 million kw in the past two years.

The market mechanism is playing an increasingly important role in the province's economic expansion. The amount of input in fixed assets under state budget only covers four percent of its total so far this year.

Jiangsu has now 1,177 markets in the fields of materials, funds, labor and technology. Thanks to the rapid development of fund markets, its deposits and loans increased last year by 85.5 and 34.9 percent, respectively, over the previous year.

More than 1,580 joint-stock enterprises have won approval for establishment in the province during the past year, including 332 joint-stock corporations. At the same time, the system has been put in place in over 20,000 rural businesses, totalling more than 19 billion yuan-worth of shares.

Over 1,100 enterprise groups were started over the year. The industrial growth rate of the province stood at 27.4 percent, with the ratio of sales to production of industrial products reaching 94.6 percent in 1994.

The sales income from the province's machinery industry increased last year by 25.4 percent over the previous year, bringing about a 24.3 percent rise in gross profits.

In addition, township enterprises continued to boom in the province, with last year's sales income and gross profits rising by 27.3 and 20.9 percent over 1993, respectively.

Sichuan Speeds Up Marketplace Construction

*OW0902094995 Beijing XINHUA in English 0905
GMT 9 Feb 95*

[FBIS Transcribed Text] Chengdu, February 9 (XINHUA)—Southwest China's Sichuan Province made

great strides in construction of its market network, and now has the largest number of marketplaces in the whole country.

In 1994, the total number of markets across Sichuan increased to 9,116. The total volume of business was up 67.4 percent over last year, the most rapidly increasing figure for the whole country.

Since 1990, governments at all levels and the industrial and commercial organizations in the province have raised hundreds of million yuan annually for constructing or expanding markets, so that several hundred markets were built or expanded every year.

The rapid growth has meant that more and more wholesale goods, special items, and production materials markets have been set up. By now, 20 giant comprehensive wholesale markets, such as Lotus Pool Market in Chengdu, Chaotianmen Gate Comprehensive Market in Chongqing, Shumen Market in Guangyuan city, and the Timber Market in Konglai City, have annual sales of at least 100 million yuan each.

Another 100 or so large wholesale markets have been upgraded, with 57 being exclusively for industrial products or agricultural and side-line products.

Almost one million peasants and town residents are reportedly engaged in yearly or seasonal transportation work, providing the markets with large amounts of vegetables, grain, pork, fruits, herbal medicines, clothes, and many other commodities. They transport over 70 percent of the total sales volume of the markets, worth well over 35 billion yuan.

Finance & Banking

'New Headway' Made in Stock Reform in 1994

OW0902051895 Beijing XINHUA Domestic Service in Chinese 2133 GMT 6 Feb 95

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 7 Feb (XINHUA)—Last year, China made new headway in reform aimed at establishing a shareholding system. In 1994, there were 12,800 newly established joint-stock enterprises in various parts of the country. At present, the number of stockholders totals 38 million nationwide.

Last year's nationwide reform aimed at establishing a shareholding system revolved around the main theme of taking a steady and proper approach toward experimentation and aiming for standardization. Reform aimed at establishing a shareholding system was actively advanced on this basis with remarkable success in various parts of the country. As the number of joint-stock enterprises doubled and redoubled, the scale of stock exchanges expanded noticeably, with the numbers of listed companies and listed stocks increasing by 66.6 percent and 60.4 percent, respectively, over 1993 across

the nation. According to the latest statistics, fairly standardized joint-stock enterprises now number 25,800 nationwide, of which 15,100 are joint-stock limited companies and 10,700 are limited liability companies.

According to an analysis, joint-stock enterprises are now distributed across the country along the following sectoral lines: Industrial joint-stock enterprises account for approximately 48.03 percent of the total number of joint-stock enterprises; commercial joint-stock enterprises, some 31.42 percent; and other enterprises, 20.55 percent. The number of stock cooperative enterprises totals 135,700 in cities and towns nationwide, and that of village and town joint-stock enterprises in rural areas totals 2,853,300. The number of various intermediary banking service organizations has grown along with the constant development of joint-stock enterprises. In 1994, there were 567 stock-trading institutions; 5,246 stock business agencies of various types employing 67,500 people specializing in the stock business; and 32,000 intermediary service bodies employing 145,000 intermediary service personnel throughout the nation.

'Financial Expert' Views Problems of Enterprise Debts

95CE0237B Beijing JINGJI CANKAO BAO in Chinese 11 Dec 94 p 1

[Article by Ye Guiguang (0673 2710 0342) and He Xiaojun (0149 7522 6511): "Could Creditor Rights Be Turned Into Stock Rights?"]

[FBIS Translated Text] Famous financial expert Zhao Haikuan [6392 3189 1401] poses a new question: As the most glaring obstacle to reform in 1995 will be enterprise debt problems, how can we undo this tight knot?

What are the most glaring obstacles to reform in 1995? One of them is the enterprise debt problem. A rough estimate is that state enterprises are now essentially unable to repay bank loans estimated to top 1 trillion yuan, or nearly 40 percent of bank loans. Unless this debt problem is resolved, it will make an impact not only on the conversion of special banks to commercial banks, but even more on the transformation of large and medium-sized state enterprises into modern enterprises. Zhao Haikuan, China Finance Institute vice president and general secretary, has recently set forth certain new views on resolving the enterprise debt problem.

Zhao Haikuan says that: The loans that state enterprises are essentially unable to repay to banks fall into two categories. 1) Due to factors such as poor enterprise operation and management, bank loans used to buy commodities are a loss, with no existing value. How much does this money amount to? It is estimated to make up some 12 percent of all bank loans. 2) While these unrepayable loans still have value, with enterprises still using them for turnover, they are the least needed enterprise funds. The least regularly needed enterprise funds, or foundation funds, ought to be handled through

enterprise self-owned funds. As long as the enterprise is still surviving and operating, these funds are essential. But in the past, due to inadequate fiscal appropriations, a sizeable part of these funds were handled through bank loans; this money is also essentially unrecoverable by banks. These two parts together account for a minimum of 40 percent of bank loans.

Zhao Haikuan goes on to say that: State enterprises, in addition to normal loans, also have abnormal ones. As to the national average, 80 percent of state enterprise working capital is dependent on bank loans. Bearing such a huge debt burden, enterprises are unable to become market-oriented. All of this money requires interest payments, which in turn are all included in costs, sharply raising product costs. I visited Wenzhou, where private enterprises have very few loans, and the ones they do have are repaid in 3-5 months, meaning very little interest spending. But with large and medium-sized state enterprises bearing such a large burden, which raises their costs and keeps them from being on a level playing field with other enterprises, how can they compete? Not to speak of any building of a modern enterprise system or becoming genuinely market-oriented. And as to the conversion of state-owned special banks to commercial banks, this is similarly a large burden. This is because in theory, 40 percent of loans being unrecoverable is a crisis requiring bankruptcy from the perspective of the international Basle Agreement. When so nearly bankrupt, how can banks achieve operating autonomy or have the sole responsibility for their profits and losses? With loan principal and interest both unrecoverable, banking is a losing proposition.

Zhao Haikuan holds that: This matter is extremely crucial. Unless it is settled, state enterprises cannot establish a modern business system, financial reform cannot be intensified, and a number of large banks cannot be converted to state-owned commercial banks. While reform has developed up to now, this matter has become a direct obstacle which, if not resolved, will make it impossible for our whole reform to proceed.

What is to be done? Zhao Haikuan makes the following four recommendations:

1. As to all shareholding enterprises, including those that already are or are about to become joint-stock enterprises, I recommend that the state clearly provide that a set percentage of the funds raised through issuing stocks be used to replenish working capital, or to increase self-owned capital funds to be used for repaying part of bank loans, including that already valueless 12 or so percent mentioned above. Why do I raise this matter? It has now been verified that most of the funds raised by joint-stock enterprises through selling shares are spent on fixed assets, with very little used intensively in areas such as technological upgrading and replenishing self-owned working capital. These enterprises essentially do not consider changing their fund makeup to lighten their interest burden or reduce the percentage of debt in their

overall capital. They hold that bank loans in hand are advantageous, with those wishing repayment sure to come calling, so why should they pay? With enterprise self-restraint forces not yet established, the state needs to provide that a set percentage of the money raised through selling shares must go to repaying bank loans. This would have another advantage in that it would help ease inflation, as enterprises spending funds they raise through selling shares for expanded capital construction just adds to inflationary pressure. But this method could reduce inflationary pulling forces.

2. Joint-stock enterprises could also consider turning creditor rights into stock rights, or converting unrepayable enterprise loans into bank investments in enterprises. There are two methods overseas, with countries such as the U.S., managing the banking profession very strictly, not allowing commercial banks to make investments, which European countries such as Germany and Switzerland do permit. Converting bank creditor rights into enterprise stock rights has the following advantages: 1) Bank creditor rights turn into investments, with assets being used realistically. A great many enterprises that are unable to repay their loans, in fact certainly do have quite a few assets, such as plant, equipment, and land which, if conscientiously evaluated, would make their real assets worth more than their book value. 2) Banking participation in shareholding helps to improve enterprise operation and management, with enterprise mergers also speeding up adjustment of the industrial structure. I hold that as there is now no better way to resolve the enterprise debt problem, the "conversion of loans to investments" is a feasible method worth a try.

3. As to some wholly state-owned companies, what should be done about the debts they owe to banks? I would make two suggestions: A) Might not state finance sell special bonds to the public, to be used exclusively for making up the working capital shortages of wholly state-owned enterprises, with the proceeds so-raised appropriated to enterprises to repay banks? This would increase enterprise self-owned capital funds. Such bonds would be sold on the market, just as with current national treasury bond transactions. Then when these bonds mature, new ones could be issued to redeem the old ones, with such borrowing being the equivalent of converting enterprise debt to banks into state finance debt to the public. Such conversion would put all relations in order, with irrational bank loans gone or reduced, and excessive enterprise burdens lifted. B) Another way would be for the state to sell bonds, which would be bought by the current lending banks, with the funds so-raised assigned to large and medium-sized state enterprises to repay their bank loans. In this way, past enterprise arrears to banks would be converted into state finance arrears to banks, for another conversion that would similarly rationalize relations. As to enterprises, the state-assigned money would be their own capital on which they would not have to pay interest, which would naturally lighten their burdens; and as to banks, past enterprise unrepayable loans would be converted into state finance creditor

rights of higher quality, meaning no credit crisis when converting to commercial banks. Of course, state finance would have to pay a certain amount of interest, which it should be able to sustain.

4. As to those mainly small enterprises that are sustaining severe losses, have more liabilities than assets, and cannot be saved, we need to firmly sell them off and merge them. While such enterprises have not yet been sold, there are already many views on how to spend the money so acquired. Some favor putting it into the social security system, while others say it needs to be used to replenish the working capital of other enterprises. No matter how many such enterprises are sold, it would at a minimum cast off some of the state burden. Keeping such enterprises under state ownership not only does not create wealth, it even saps wealth. Of course, such enterprises are a minority, necessarily limited in number. Enterprises with little output that are state-owned, small, severe losers, and in such bad shape that they cannot even pay wages, need to be sold off. And the money so derived should go first to pay bank loans, as bank money is public money, which cannot be simply written off.

*Article Views Growth of Shanghai Insurance Companies

95CE0237C Beijing JINRONG SHIBAO in Chinese 19 Dec 94 p 2

[Article by Li Ping (2621 1627) and Zhang Shicheng (1728 0013 2052): "Shanghai's Rising Insurance Market"]

[FBIS Translated Text] After being shut down for over two decades, the domestic insurance business reappeared in China's public life in the late 1970s. And once its dust-laden gates were reopened, Shanghai—the birthplace of China's national insurance industry—assumed the responsibility of becoming the leader of our resurging insurance industry. With a stream of Chinese insurance companies such as People's, Pacific, and Ping-An, vying for supremacy in Shanghai, and foreign-invested institutions such as Friendly Nation and Eagle Star also rushing to get a piece of the action, it is no longer just a dream that Shanghai's insurance industry will recover its past glory.

I

While the international insurance industry was growing by leaps and bounds, China's "insurance ship" was grounded for decades. And from the time our domestic insurance business was restarted in 1979 to 1992, Shanghai's insurance premium spending still averaged only 140 yuan a person, 1/125 that of Japan, 1/45 that of South Korea, and 1/25 that of Taiwan. In an ambitious Shanghai that is aspiring to reassert its supremacy, reviving the insurance industry is seen as a heavy responsibility.

The People's Insurance Company, having accumulated over four decades of rich practical business experience, has taken advantage of its solid might to play a key "leading role" in this second takeoff. As to Shanghai's branch companies alone, in the last 15 years of resumed activity, business income has been growing at an average rate of 31 percent a year, with gross corporate assets, developed insurance categories, total coverage, and branch agencies all reaching a sizeable scale, and gross business income in 1993 of 2.3 billion yuan.

This rising market has been calling forth new members and allies to play a joint role in this grand enterprise. In 1991, the Pacific Insurance Company was founded in Shanghai, becoming a new member of the insurance industry ranks. Only six years after the Ping-An Insurance Company was founded with its headquarters in Shenzhen, its per capita insurance-premium income is already tops in China. And then on 4 May 1994, this company, as China's first shareholding insurance enterprise, set up a branch in Shanghai.

Shrewd overseas insurance firms are also quietly sending out feelers to Shanghai, with 15 famous insurance companies from a dozen or so countries and regions, such as the U.S., Japan, Britain, the Netherlands, Malaysia, and Australia, having sent senior officers to apply for "settlement" in Shanghai. And they have already set up certain representative offices in Shanghai.

II

As public insurance demand rises, horizontal competition is growing ever sharper, with each of the large companies settling in Shanghai bringing all of their skills into play to induce clients to choose them. Insurance-category development has become the "competitive weapon of choice" of all companies.

The People's and Pacific insurance companies have both set up new-insurance-category development departments, with these two companies having turned out 13 new categories in 1993 alone, and the "made-to-order" business-marketing form was also been introduced to the insurance industry, finding customer favor. The People's Insurance Company has directed its actions at the commercial housing sales fever by turning out commercial housing mortgage insurance, as well as aiming at the Shanghai construction industry's features of broad scale and large volume to put out "construction project installation insurance." It has also expanded its hospitalization health insurance to newborn to 3-year-old infants and children, as well as to self-pay college students. In addition, it has also promoted new insurance categories, such as "land- and water-route passenger accident-injury insurance," "marriage souvenir insurance," "East Asian athlete personal injury insurance," and "Yangpu Bridge sightseer insurance," and is planning to develop liability insurance for professional lawyers and registered accountants. Pacific Insurance, in addition to turning out "third party motor vehicle liability insurance" and "driver-training personal accident insurance," is also

developing the new "safety insurance for civilian gas users." The Ping-An Insurance Company has not only turned out new insurance categories, such as "comprehensive liability insurance for managers," "credit card insurance," "communications insurance," and "computer insurance," but also has designed exclusively for the ordinary wage and salary stratum "personal accident insurance for investment bonuses," which insures capital, interest, and bonuses, so is very attractive to policyholders. It merits mention that the "machinery injury insurance" and "profit loss insurance" newly designed in 1994 by the People's Insurance Company draws on the specific terms of the London insurance market, so is quite well-received by the three kinds of foreign trade enterprises. In 1993, the two big bridges across the Pu Jiang—the Nangpu and the Yangpu—served as "protective spirits" for the Ping-An and People's insurance companies, which acted as advance guards in the development of domestic bridge construction project insurance, designing and developing nine new insurance categories for the Yangpu bridge alone.

All of this has changed the past traditional order of mostly only life and property insurance, with a kaleidoscope of diverse insurance categories adding unlimited vitality to the resurgent insurance industry.

Meanwhile, "all of the dukes and princes" have been expanding their service fields, setting up networks, and jumping their horses across the river, to set up camp on the popular Pudong side. The People's Insurance Company was the first to enter Pudong, now having established "bridgeheads" in places such as the Waigaoqiao Duty-Free Zone and the Jinqiao Export Manufacturing Zone, as well as having set up a branch company in Pudong. Pacific Insurance was not to be outdone; it set up a branch on bustling Dongfang (Wendeng) Road and plans to set up sites in districts and counties such as Changning, Jing'an, and Songjiang. The recently settled in Shanghai Ping-An Insurance, in addition to setting up sites in 1994 in places such as the Hongqiao Development Zone, is also making plans when the time is right to move its branch from the Jinqiao Building into the new Pudong zone.

In addition, in the competitive arena all companies are making their respective clever moves. The mighty People's Insurance is investing in shareholding in the form of Wan-Guo Securities and the Lujiazui Finance and Trade Zone, organizing a real estate company to build and jointly build a residential district and an office building, establishing a stock business department to handle self-service and agency stock and bond business, and winning the consent of the concerned departments to lend about 400 million yuan to large and medium-sized enterprises.

The Pacific Insurance headquarters is devising strategies within its command tent, deploying its forces to all areas to implement its "stock expansion plans." In the first phase, it plans to offer its prospectus to financial offices

and large enterprise groups in regions such as Shanghai, Beijing, Qingdao, and Nanjing, with the plan to be formally implemented in 1994.

The "young but vigorous" Ping-An Insurance Company will have \$60 million invested in its shares by the U.S. Morgan Bank, which will become one of its largest shareholders. While such foreign investment in shareholding in a national financial institution is still a precedent, it may yet be considered a new channel for opening up the Chinese money market indirectly to the outside world. Ping-An is also planning to invest hundreds of millions of yuan to establish the "Ping-An insurance card" network system including satellite communications, relying on the Industrial and Commercial Bank of China network throughout Shanghai to ensure that its customers can take out insurance directly through account cards.

With Chinese, joint-stock, and foreign-invested companies in a tripartite balance of forces, and the People's, Pacific, Ping-An, and Friendly Nation insurance companies in competition, the Shanghai insurance industry's gross insurance premiums in 1993 topped 3 billion yuan. So it is indisputable that today's Shanghai has become China's largest insurance market.

III

The increasing prosperity of this brisk insurance market shows that China's insurance industry is facing an enormous challenge in which market monopoly will be replaced by competition. So how to establish a fair and improved market climate and build a new order on market economy terms to maintain sound insurance industry growth has become the focus of attention of many figures of insight.

While certain companies are focusing their business competition on a few of the more efficient insurance categories, other losing insurance categories, such as agricultural insurance, are essentially seeing no "competition" to speak of, with the occasional occurrence of phenomena such as striving to set up an "uneven playing field," engaging in "foul tips," relying on administrative means to expand business, exploiting credit connections to apply pressure, offering higher rebates, raising commissions, lowering rates, and expanding scope of liability. Foreigners in the insurance business note with some sensitivity that unless China quickly draws up legislation to tighten oversight, the rapidly growing Shanghai insurance market is going to be unavoidably infected with such "viruses."

Fortunately, the matter of preventing competitive misunderstandings has received much attention by the concerned departments, which are now taking a series of effective steps:

—The People's Bank of China has tightened its regulation and control force over the insurance market in areas such as organizational installation and personnel deployment.

—The "Insurance Law," which is the focus of so much attention, after five drafts in two years, is expected to go into effect shortly. This is China's first "Insurance Law" that integrates corporate law with contract law, and will clearly delimit insurance market matters such as the contract relations between insurers and the insured, state oversight and management of the insurance market and subsequent legal relations, the various reserve funds that insurance companies need to set aside, and the fund use of insurance companies, to protect policyholder interests.

—Shanghai's four insurance companies have held a "roundtable conference" to discuss the establishment of the first national public, horizontal insurance association, using the private contract form to tighten industry self-rule and preserve fair market competition.

—Cracking down on nonprice means of competition, enhancing service, improving business expansion methods, and emphasizing disaster- and injury-prevention and claim settlement are also being paid increasing attention by both Chinese and foreign insurance companies.

The degree of insurance market development is one of the signs by which to judge whether a country's market economy is growing soundly. The day when Shanghai is remolded into "the Manhattan of the Orient" will certainly not be a simple replay of history, but rather a resounding musical movement about a new financial age. When that day comes, the thriving and sound insurance industry will be bound to become the "protective spirit" for social stability and economic takeoff in Shanghai and all of China.

Foreign Trade & Investment

Scholars Study Sino-U.S. Trade War

HK0902031595 Hong Kong WEN WEI PO in Chinese
6 Feb 95 p a2

["Exclusive Interviews" column by WEN WEI PO Beijing-based reporter Yang Fan (2799 1581), and Shanghai-based reporters Liu Chun (0491 5028), and Qiu Yi (5941 3015): "Sino-U.S. Relations Are at the Crossroads—Beijing and Shanghai Experts Comment on Sino-U.S. Trade War"]

[FBIS Translated Text] Beijing, Shanghai 5 Feb (WEN WEI PO)—[editor's note] Not long ago, the United States announced its trade sanctions, and in turn, China announced its counter-hit list, should nothing change in this situation, a trade war will break out officially on 26 February. With this issue in mind, this paper's reporters interviewed several renowned scholars in Beijing and Shanghai, inviting them to do some analysis on the causes for Sino-U.S. intellectual property rights [IPR] talks' landing in an impasse, the present conditions, and the ultimate outcome. [end editor's note]

Wang Zhenzhong [3769 2162 0022] (deputy director of the China Academy of Social Sciences [CASS] Research Institute of Economics, who specializes in economic research involving foreign countries): The long-range interests of China and the United States are far larger than the current disputes. With respect to the United States, should it disregard long-range interests and implement trade retaliation, aside from getting a list worth \$1.8 billion, it would lose far greater interests. Take the car industry, for instance; China is to open its car industry to a still-larger extent next year, thus it is beyond doubt that the suspension of talks with U.S. companies on large automobile joint ventures will cost U.S. businessmen a very good opportunity. Furthermore, 1995 is the centenary of the birth of U.S. car industry, and China's counter-retaliation measure will not be a very propitious gift.

The United States Will Lose Greater Interests

Wang Zhenzhong said: The United States does not see China's national conditions, and more often than not it unwisely resorts to its own internal laws to settle some issues in certain international occasions which should have referred to international law. The result today can be traced in the passive U.S. attitude in discussing China's GATT re-entry.

He said: There also are contradictions between China and other developed countries which, however, have been handled well. He suggested that the United States to refer to the experiences of such other developed countries as Germany in order to consider Sino-U.S. relations with a strategic eye and in an overall way, proceeding from its long-range interests. Wang Zengzhong believed that if both China and the United States prize their long-range interests, and sit down and talk, there is still room for discussion between the two sides.

Gu Yuanyang [6253 3293 3152] (director of the CASS Institute of World Economics and Politics): No agreement was reached in the Sino-U.S. IPR talks. The U.S. superficial criticism is that China has not exerted enough practical efforts, and its efforts were insufficient to protect U.S. IPRs; however, the underlying cause is precisely that all this is determined by U.S. policy toward China, as well as the changes in U.S. domestic political situation. In the world today, economic and trade frictions are hardly avoidable. If the two sides fail to handle the issue properly, it will escalate to a trade war, which will not help either side. With regard to the upcoming trade war, Gu Yuanyang believed that China would suffer greater losses from a short-range view, but that the United States would lose more from a long-range point of view. Last year, the U.S. Department of Commerce placed China at the top of its list of the world's 10 new-rising markets, and the beginning of a trade war means that the United States would yield its Chinese market to other countries and regions, such as Japan and Europe. At the same time, the shock waves of a Sino-U.S. trade war would affect other Asian countries and regions.

The Two Sides Are Expected To Seek Compromise

Wang Xi [3076 3556] (deputy director of Fudan University's Research Center on the United States and concurrently president of the Shanghai Institute of Industry and Commerce): Viewing the present conditions, Sino-U.S. IPR talks are in a sword-drawn and bows-bent situation, and the matter is considerably serious. However, neither side has shut the door to talks, and there is still room for talks. Considering the great impact of the talks on the future direction of development in Sino-U.S. economic relations, he believed that Sino-U.S. trade relations today are at the cross-roads.

He stated that despite the fact that the United States has already announced the implementation of trade retaliation measures against China, U.S. trade representative Kantor sent another invitation to the Chinese representatives at the talks, requiring them to continue talks before retaliation measures take effect on 26 February, so that an agreement could be reached to avoid a trade war. This shows that the door to talks remains open, and although the Chinese side has not yet stated where it stands on this point, it has not refused talks. Thus we can see that both sides, out of consideration for the grave consequences resulting from a trade war, actually have a need to talk.

He said, the 301 Action has always been used as a deterrent. Is it necessary for the United States to resort to what it calls "the greatest retaliatory measures in history" to deal with China on this occasion? The necessity of this is obviously not on the horizon, and in the future, the two sides will work hard to seek a compromise. In actual fact, views on the extent of satisfaction with IPR protection itself are very flexible, and indeed are a gray area. The possibility of concessions in the talks still exists. He believed that although the ultimate outcome of the talks can be either positive or negative, a final, total breakup is not likely to take place.

The United States Neglects Two Facts

Zhang Jialin [4545 0857 3829] (deputy director of the Academic Committee of the Shanghai Research Center of World Issues, research fellow, and professor): In view of the experience of Sino-U.S. IPR talks in 1991, by which the two sides signed an agreement on cooperation an hour before sanctions took effect, if the two sides could reach an understanding again to avoid a trade war, that would be the best result for all. Even if a trade war did break out between China and the United States, the effects on the economies of the two countries would not be as serious as imagined. Just analyze the current U.S. trade retaliation list and you will see: First, the volume of trade sanctions has been greatly reduced, from the original \$2.8 billion to \$1.8 billion; second, the focuses of Chinese exports are not included, such as textile products and toys. The United States did so out of the consideration for the "double-bladed sword" of trade war. After all, China is an economic power.

Yu Shen [0060 3947] (vice president of the Shanghai Institute of Customs): I believe that an important cause to account for the Sino-U.S. IPR talks' approaching a breakup is that the United States has failed to pay attention to the fact that China is a country at a stage of converting its economic type, and a developing country at that. The establishment and implementation of the entire legal system will be complete and perfect only after a certain period. At the same time, the United States has failed to pay attention to another fact, which is that in the shortest possible time, China has set up its law on IPR protection, and has begun country-wide mobilization and implementation. Even our Institute of Customs recently has given up rest time to train advanced law enforcement officials in the realm of IPR protection for the PRC General Administration of Customs so that the State Administration of Customs may be closer to international customs regulations.

Viewed strictly from the angle of trade sanctions, should a trade war really break out between China and the United States, no relatively great direct impact on the Chinese or U.S. economies will take place, but the indirect and potential impact will be very great.

Should a Trade War Break Out, Bilateral Relations Inevitably Will Be Affected

Lu Lunyi [7627 0243 5030], (Fudan University expert, professor, and research fellow of American issues): While analyzing the U.S. trade retaliation list against China, one may find that both the volume and sphere of sanctions are small, and this can be regarded as a symbolic action of retaliation. Even if it is implemented, it is unlikely to lead to a trade war on a wide scale between the two countries because both China and the United States are powers, and should adopt a wise and restrained attitude on world economic and trade issues. Should sanctions and a trade war really take place between China and the United States, they would cast a psychological shadow on Sino-U.S. economic and political relations, which would be the greatest injury to both sides.

This being the case, avoiding a trade war should be the best way for China and the United States at present.

Tianjin Rules on Liquidation of Foreign-Funded Firms

OW0902035595 Beijing XINHUA in English 0255 GMT 9 Feb 95

[FBIS Transcribed Text] Tianjin, February 9 (XINHUA)—This north China port city has passed rules concerning liquidation of foreign-funded enterprises, following the lead of Beijing and Shanghai.

The rules are aimed at improving the investment environment and protecting the interests of investors and employees, officials said.

Under the rules, all the foreign-funded ventures in Tianjin, including those whose management terms expire or whose contracts are exterminated ahead of time, ones whose business certificates are suspended, and ones which are shut down by the local authorities, will go through a process of liquidation of their assets and debts. During the period of liquidation, none of them will be allowed to continue in business without special approval from local industrial and commercial administrations.

The rules cover enterprises funded by business people from Hong Kong, Macao and Taiwan.

The rules comprise ordinary and special liquidation. The enterprises whose business certificates are suspended or canceled because of their violation of state laws or regulations will undergo special liquidation.

The rules stipulate in detail the liquidation administrators, term, procedure, debt and repayment, evaluation of assets and their disposal, and the responsibilities of related organizations, departments and individuals.

By the end of 1994 Tianjin had approved nearly 8,000 foreign-funded enterprises, with a total investment of over ten billion U.S. dollars. The majority of the more than 2,000 enterprises which have gone into operation are doing well. Meanwhile, nine of them have shut down and some others are facing closure and liquidation.

Shandong's Yantai Utilizes Overseas Investors

OW0802135995 Beijing XINHUA in English 1255
GMT 8 Feb 95

[FBIS Transcribed Text] Jinan, January 8 (XINHUA)—Yantai, one of China's first 14 coastal opening cities, signed 48 contracts with overseas investors on high-tech projects in 1994 with each costing more than 10 million U.S. dollars, city authorities told XINHUA today.

The city in east China's Shandong Province, will use more than 600 million U.S. dollars of overseas funds for these projects, accounting for 62.9 percent of the total investment they require.

Among the overseas investors are transnational corporations from Japan, Korea, the United States, Germany and Hong Kong and other 10 internationally well-known companies. Some of the projects they invested in are infrastructure services and primary industries and undertakings.

"This is something new in our efforts to use overseas funds," a city leader, Du Shicheng, commented, adding that among the 48 projects, three are infrastructure facilities and 34 are primary undertakings.

The city now has 159 solely overseas-funded projects, bringing the number of projects using overseas funds to over 1,300, Du said.

Since the late 1970s when the country introduced the policy of reform and opening up to the outside world,

Yantai has approved the establishment of 3,519 overseas-funded projects and has actually used 1.62 billion U.S. dollars. Among them, 133 projects are big undertakings and 170 are high-tech projects, each costing more than 10 million U.S. dollars.

The city's success in using an increasing amount of overseas funds has helped improve its export trade. In 1994, the city exported more than 800 million U.S. dollars worth of goods, becoming the second largest hard currency earner of the province.

Nanning Reports Success in Opening-Up Drive

OW0802162995 Beijing XINHUA in English 1612
GMT 8 Feb 95

[FBIS Transcribed Text] Nanning, February 8 (XINHUA)—This capital of southwest China's Guangxi Zhuang Autonomous Region, has been making painstaking efforts to improve its investment environment, and has been blessed with quick growth in foreign trade and economic co-operation.

According to local officials, last year the city made actual use of 130 million US dollars of foreign investment, up 67.9 percent over the 1993 figure. In addition, it saw 71 percent growth in its foreign trade volume compared with the previous year.

Nanning is located on the Yongjiang River, not far from Qinzhou Bay on the Beibu Gulf and very close to the Vietnamese border. In June 1992 the city was authorized by the State Council to introduce and practise the same preferential policies as other open coastal cities enjoy.

While trying hard to improve its investment environment, the city has also worked out a series of new local policies to open wider to the outside world and drafted preferential measures to encourage exports.

As a result, the city has become a popular investment spot among domestic and overseas investors.

So far, Nanning has authorized the setting up of more than 500 foreign-funded enterprises, 219 of which have finished construction and started operation.

Last year foreign-funded enterprises in the city completed one billion yuan in output value, earning 25 million US dollars from exports and generating 44 million yuan in profits, all showing marked growths compared with the previous year's figures.

Agriculture

Grain Cultivation Drops Below Warning Line

HK0802021295 Beijing ZHONGGUO XINWEN SHE
in English 1432 GMT 7 Feb 95

[FBIS Transcribed Text] Beijing, February 18 (CNS)—Sources from the Ministry of Agriculture of China say that last year, the area of land under cultivation of grain

crops in China was 1.64 billion mu, which was lower than the warning line of 1.65 billion mu.

In 15 provinces in the country's northern part, the area of land of this kind decreased by 10 million mu. Of which, the growing area of wheat dropped by around 7 million mu. The area of land for early rice cultivation in the country's southern part reduced by 11 million mu.

The year-by-year decrease in grain growing area in China has occurred for a long time. The area decreased by 24 million mu in 1992 compared with the year before and in 1993, the area dropped by 11 million mu. Last year, the area finally fell below the warning line, which was a signal of danger in grain production.

According to an analysis of experts, there are 3 main factors causing this situation. First, farmers are not willing to grow grain crops because of beneficial consideration. Secondly, land waste is a serious problem. Thirdly, inputs into this sector are reducing.

Land Administration Says Country Losing Farmland

OW0902095095 Beijing XINHUA in English 0916 GMT 9 Feb 95

[FBIS Transcribed Text] Beijing, February 9 (XINHUA)—China lost about 390,000 hectares of farmland in 1994, according to statistics provided by the State Bureau of Land Administration, the country's leading newspaper reported today.

Although China added about 316,000 ha. of new farmland in 1994, about 714,000 ha. of the existing farmland was allotted for construction of industrial and housing projects, the People's Daily [RENMIN RIBAO] said.

About 20 percent of the latter was used for state and collective projects, and private houses, with the state projects consuming 92,000 ha. and the collective projects taking about 33,000 ha.

According to the statistics, structural changes sweeping the countryside accounted for about 453,000 ha. or about 63.4 percent of the lost farmland, and the effects of structural adjustments will continue for some years, hence more farmland will be lost.

Natural disasters constituted another major factor behind the farmland loss, which destroyed 123,000 ha. of farmland in 1994, 83 percent more than in 1993, the statistics revealed.

About 40 percent of the lost farmland was in north China's Hebei Province, the Inner Mongolia Autonomous Region and northwest China's Shaanxi Province, with another 22 percent being in east China's Jiangsu and Shandong provinces, south China's Guangdong Province, and southwest China's Sichuan and Yunnan provinces, the statistics showed.

Inner Mongolia, Yunnan, Hebei, and northwest China's Xinjiang Uygur Autonomous Region provided about 30 percent of the newly created farmland.

Cooperating with other government departments, the land administration succeeded in controlling the growing misuse of farmland by state projects. However, collective projects and private housing construction in rural China and various economic development zones are consuming more and more farmland, according to the land administration.

Overall, agricultural structural readjustment is the number one factor leading to the loss of farmland, especially in remote border areas in western China, where people are giving up field farming and are blindly developing forest production and the raising of livestock, the land administration said.

RENMIN RIBAO Editors Commend Peasant Investment

HK0902092595 Beijing RENMIN RIBAO in Chinese 27 Jan 95 p 1

[By RENMIN RIBAO Editorial Department: "We Must Work Three Ways To Increase Investment in Agriculture"]

[FBIS Translated Text] When the reporters submitted this report they included a letter to the editorial department, saying: "We were very thrilled to have covered the story of 11 peasants making investment to develop poverty-stricken mountainous villages. When these peasants became well-off they did not build new houses or buy high-quality home appliances. Neither did they squander their money away seeking pleasure but spent their hard-earned money in developing wasteland hills and investing in impoverished, remote parts of the countryside to change the features of the mountainous areas. Such spirit and direction, in our opinion, should be vigorously advocated." We agree with this view and have handled the report as a front-page story to advocate the practice.

Agriculture involves input. Nevertheless, China is such a vast country with so many undertakings to take care of that it is quite beyond its means to make more investment in agriculture. It calls for the joint efforts of the state, the collective, and the individual and greater output is possible only through greater input. Generation after generation of our ancestors worked diligently and, for thousands of years, the farmland they had reclaimed was only some 1 billion mu. Over the past scores of years, newly-reclaimed land as well as lots of farmland has been occupied for other purposes and, with decreases eating up increases, there has not been much change in the general volume. However, gross grain output went up by almost three-fold, from 226.4 billion jin in 1949 to 889.2 billion jin in 1994. What accounted for that? First, the reliance on social reform and policies, such as the

land reform, cooperative transformation, and the contract system of responsibility linked to production. Second, the reliance on more input, the pursuit of capital construction of farmland, farming in a scientific way, tractor plowing, and mechanized transportation. From now on, there will not be major new changes in social policy and the existing policy will be stabilized in the main. This being the case, increasing grain output to cross another threshold, rural development, and the 80 million peasants getting rid of poverty can only rely on more input. In recent years there have been serious floods and droughts, which warn people anew: We have not changed the situation of relying on nature for our subsistence. It would be very difficult for us to surmount natural disasters should we refrain from capital construction of farmland, increasing labor accumulation, and not be competent in fighting natural disasters.

Late last year, the Central Committee and the State Council called a national economic conference and, when dealing with augmenting agricultural production and rural economy in a big way, special emphasis was laid on increasing input, saying that agricultural input would be increased even at the expense of cutting a few projects. This instruction boasts a very explicit aim. Over the years, some localities have been moving in a rut in agricultural production and the peasants have lacked enthusiasm for long-term input, while local governments were zealous in commercial and industrial projects with immediate profits, showing little care for agriculture. Should such conditions not be changed, there will be no staying power for agricultural development and will possibly result in the loss of balance in the proportional relationship in national economic development. Should that be the case, a high-rate economic growth will be out of the question.

*Henan Reports on Farmer Income for 1994

95CE0183Z Beijing NONGMIN RIBAO in Chinese 27 Jan 95 p 1

[FBIS Summary] In 1994 per capita farmer net income in Henan Province was 909.81 yuan, a 30.75 percent increase over 1993. Deducting for inflation the actual increase was 3.39 percent.

Hunan Prepares for 'Bumper Harvest' in Spring

OW0902024995 Beijing XINHUA in English 0228 GMT 9 Feb 95

[FBIS Transcribed Text] Changsha, February 9 (XINHUA)—Central China's Hunan Province is busy preparing for spring farming, hoping to achieve another bumper harvest this year.

According to sources from the local agricultural department, a total of 2.587 million ha of farmland have been seeded with over-winter crops, an increase of 233,000 ha over the year before. All standing crops are in good shape.

A comprehensive report reveals that this year the grain cultivating areas will keep on increasing steadily, estimated to be over 5.7 million ha, and the total yield will be 26.5 billion kg or so. The sowing areas for cotton are planned to be expanded to 234,000 ha, and the total yield is to be well over 250,000 tons, while the output value generated by township firms is supposed to exceed 150 billion yuan, the total agricultural output value is required to increase by over 5 percent, and the per capita income of peasants is to be 150 yuan up on last year's base of 1,155 yuan.

In order to fulfill the overall targets, the agricultural departments give particular attention to restructuring local agricultural production layouts, making production efficiently meet market demand.

Peasants have been provided with fine seeds and enough necessary fertilizers.

The construction of water conservancy projects is also proceeding smoothly across the province. By the end of last year, the province had completed 440,000 projects out of the 560,000 in total, which involved 1.06 billion yuan.

Yantai Port Prominent in Agriculture Exports

HK0802064995 Beijing CHINA DAILY in English 8 Feb 95 p 5

[By Wu Yunhe: "Yantai Farm Exports Grow"]

[FBIS Transcribed Text] The port city of Yantai is playing a major role in the development of export-oriented agriculture in Shandong Province, local officials say.

The city earned \$230 million in foreign exchange from exports of agricultural products last year, an increase of more than 20 percent from the previous year, said Ju Chuanjiang of the city government.

Yantai is concentrating on producing fruit, seafood, vegetables, and other crops and related products that are popular on the world market.

The city—one of the state's model export-oriented agricultural production centres—has developed a high-yield maize and has sent the breeding technology across the country.

Ju said that farmers and traders involved in the production and sale of the Yedan-brand maize have seen their earnings increase by more than 10 billion yuan (\$1.2 billion).

Production of vegetables and the processing and packaging of fresh and frozen vegetables have combined to form a booming industry, which has created jobs for the area's 32,000 rural households.

Yantai exported more than 60,000 tons of vegetables last year, with foreign exchange earnings reaching \$58.11 million.

The city has also developed its seafood industry, with an emphasis on offshore breeding.

Artificially bred abalone, scallops, sea cucumbers, kelp, and other lucrative varieties of seafood brought 6.78 billion yuan (\$807 million) to the city in 1994, while exports earned more than \$50 million in foreign exchange.

To live up to its reputation as one of the country's major fruit growing centres, Yantai is producing more than 10

kinds of fruits in a 80,000-hectare area in its suburbs. The fruits include apples, pears, strawberries, and cherries.

Last year, the city produced more than 1.5 million tons of fruit. More than 60 percent of the country's popular Hongfushi-brand apples are grown in Yantai.

Some 70,000 ton of fruit were exported to more than 10 countries and regions.

Yantai fruit has become popular products on the world market.

East Region

Fujian Governor Makes Lunar New Year Speech

HK0902103795 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 30 Jan 95

[FBIS Translated Excerpt] Governor Chen Mingyi made a radio and television Lunar New Year speech.

[Begin recording] Comrades and friends: With a feeling of joy, we have ushered in the Spring Festival, a traditional festival of the Chinese people. On behalf of the provincial people's government, I express my sincere greetings to the workers, peasants, intellectuals, cadres, retired comrades, and people in all circles throughout the province; to People's Liberation Army commanders and soldiers as well as police officers and men; to Taiwan, Hong Kong, and Macao compatriots as well as overseas Chinese; and to foreign friends and experts working in Fujian. [passage omitted]

The past year has been a year in which the people throughout the province have carried out reform, opening up, and modernization in accordance with General Secretary Jiang Zemin's requirements of creating new strong points and scaling new heights. Notable progress has been made in all kinds of undertakings. [passage omitted]

Our society has remained stable and tranquil and prosperity has appeared in all corners of Fujian. These achievements have been the results of the hard work of the 31 million Fujian people and cannot be separated from the sincere cooperative efforts of foreign friends. Herewith, I express my heartfelt thanks to comrades and friends who have contributed to Fujian's reform, opening up, and modernization. [passage omitted]

The year 1995 is a year of hope and challenge. In this new year, we must adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; correctly handle the relation between reform, development, and stability; promote reform, opening up, and socialist construction; take effective measures to control price increases so that they are markedly lower than last year's; increase agricultural investments; improve state-owned enterprises, speed up their structural adjustment, and bring about technological progress in them; and expedite infrastructural construction. [passage omitted]

In 1995 we will further strengthen our work concerning Hong Kong, Macao, and Taiwan compatriots as well as overseas Chinese and develop multi-tier, multi-channel, and omnidirectional economic and technological cooperation with foreign countries. We sincerely hope that Taiwan, Hong Kong, and Macao compatriots, overseas Chinese, and foreign friends will continue to support Fujian's construction and make greater contributions to the motherland's modernization and peaceful reunification. [passage omitted]

To conclude, I wish the people throughout the province as well as fellow villagers in and outside Fujian a Happy Lunar New Year, good health, joyful family reunions, and everything should be smooth sailing. [end recording]

Jiangsu Secretary Addresses Festival Event

OW0802122795 Nanjing XINHUA RIBAO in Chinese
26 Jan 95 pp 1, 2

[Speech by Chen Huanyou at a Spring Festival tea party for people of all circles on 25 January 1995; place not given]

[FBIS Translated Text] Comrades:

It will be Spring Festival, a traditional festival of the Chinese nation, soon. On the joyful occasion, I heartily rejoice that we are happily gathering in this hall to usher in the festival. On behalf of the provincial party committee and the provincial government, I would like first to extend my Spring Festival greetings to all democratic parties, the Federation of Industry and Commerce, and all mass organizations, nonparty patriots, personages of all circles, workers, peasants, intellectuals, and cadres across the province; to the commanders and fighters of the People's Liberation Army units in Jiangsu, the officers and men of the Armed Police Force, and the public security police; and to the Taiwan compatriots, Hong Kong and Macao compatriots, and overseas Chinese compatriots originally from Jiangsu Province. I wish you a happy Chinese New Year, good health, and success.

Over the past year, the cadres and people in this province, working under the leadership of the party Central Committee with Comrade Jiang Zemin at its core, have seriously implemented the principle of "seizing opportunity, deepening reform, opening up wider, promoting development, and maintaining stability," actively carried out macroeconomic management and restructuring measures, strived to overcome economic difficulties and contradictions, and make new progresses in reform, opening up, and economic construction. The province has maintained sustained, rapid, and healthy economic development, with a total gross domestic product of 405 billion yuan, up 18.5 percent from the previous year. We have reaped comparatively good harvests of grain and cotton and achieved the all-around development of rural economy despite very bad droughts. We have maintained rapid industrial growth, continued the development of tertiary industry, and accelerated infrastructural construction. Reform of the fiscal and taxation, banking, foreign trade, and investment systems, as well as other macroeconomic management systems, has proceeded smoothly. We have opened the province even wider to the outside world and have made all-around progress in foreign trade, use of foreign capital, and foreign economic cooperation. Both urban and rural markets are brisk and the people's living standards have been further improved. We have made new progress in social undertakings and have stepped up the party building and the building of spiritual civilization and democratic legal system.

The achievements made by the province in economic and social development in 1994 were the results of the concerted efforts made by the party committees and governments at various levels and the people across the province to seriously implement the Central Committee's general and specific policies. The organizations at various levels of the Chinese People's Political Consultative Conference [CPPCC] have done a great deal of work in performing their duties of political consultation, democratic supervision, and participation in the administration and discussion of state affairs. The CPPCC organizations, democratic parties, the Federation of Industry and Commerce, mass organizations and personages of various circles have made great contributions to the promotion of reform, opening up, modernization, and social stability. I would like to express my heartfelt thanks to them on behalf of the provincial party committee and the provincial government.

The ninth provincial congress of the CPC, held at the end of last year, put forward the objectives and major tasks of the province for the next period. It called for the province to complete the basic framework of socialist market economic structure ahead of schedule, sextuple the gross domestic product ahead of schedule, become reasonably prosperous in an all-around way by the end of the century, and basically accomplish modernization by the year 2010. We should firmly advance toward this objective. The last year of the Eighth Five-Year Plan for economic and social development is 1995, and it is the first year for us to perform in an all-around way the tasks put forward by the Ninth Provincial Party Congress. So, it is very important to do all work well this year. We should continue to work under the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, correctly understand the present situation, and further identify our thinking with the central line, principles, policies and work plans, and with the guidelines of the ninth provincial party congress. We should have the situation as a whole in mind, do solid work, accelerate the establishment of socialist market economic structure, achieve sustained, rapid, and healthy economic development, pay attention to the building of socialist spiritual civilization and democratic legal system, and bring about all-around social progress.

In the new year we should cling to the central task—economic construction—implement in an all-around way the guidelines of the central economic work conference, strive to improve the quality and efficiency of economic growth, and ensure sustained, rapid, and healthy economic development. We should firmly carry out the measures laid down by the party central committee and the State Council to stabilize market prices and curb inflation. We should make great efforts to achieve success in the "rice sack" and "vegetable basket" projects, increase the supply of essential goods, improve market price management, and ensure noticeably smaller price increases than last year. A further step should be taken to consolidate and enhance the role of

agriculture as the foundation of economy, ensure a steady development of grain and cotton production, and step up the building of agricultural infrastructural projects and farmland and water conservancy projects. We should strive to develop a diversified economy and the secondary and tertiary industries in rural areas and increase peasants' income. We should seriously do a good job in industrial production and transport service, improve internal management of enterprises, vigorously open up markets, and strive to improve the overall quality of Jiangsu's industry, with an emphasis on optimizing the industrial structure and enhancing economic efficiency. We should continue to speed up the construction of transport, energy sources, telecommunications, and other infrastructural projects. We should adopt effective measures to vigorously develop tertiary industry. We should comprehensively implement the strategy of developing the province through the application of science and technology and promotion of education, speed up scientific and technological progress, expedite the training and hiring of qualified personnel, and further raise the level of science and general knowledge of the people in this province. We should seriously implement the strategy of economic internationalization; and on a new starting point, we should promote the "three simultaneous tasks" of further improving the operational mechanisms of foreign trade, using more foreign capital, and improving the soft environment for opening up. We should accelerate the construction of the Suzhou Industrial Park and various development zones. We should strive to implement the strategy of common regional development, make more efforts to help poor regions, make the several northern Jiangsu counties with a comparatively weak economy and a larger number of poor people become reasonably prosperous sooner, and achieve an economic development in all parts of the province. We should speed up the establishment of the socialist market economic structure, further deepen the reform of state-owned enterprises with an objective of establishing a modern enterprise system, actively promote the reform of the macroeconomic management system and other reforms, and accelerate reform of the social security system.

While doing economic work well, we should continue to adhere to the principle of "building both material and spiritual civilizations and attaching equal importance to both," and step up the building of socialist spiritual civilization. We should persistently follow the principles of unity, stability, encouragement, and positive propaganda to provide a good media environment for reform, opening up, economic development, and social stability. We should deem it our fundamental task to train a new generation of socialist-minded people with lofty ideals, moral integrity, education, and a sense of discipline. We should carry out ideological education in patriotism, collectivism and socialism, and vigorously publicize the glorious traditions and good conduct of hard struggle, diligence, frugality, and selfless dedication among the people, particularly the young people. We should

improve urban management, and particularly make great efforts to improve urban sanitation and enhance the degree of urban civility. We should make comprehensive efforts to improve public order, resolutely combat crimes, and maintain social stability.

We should continue to strengthen socialist democracy and the legal system, uphold and improve the people's congress system, and earnestly protect the people's democratic rights to manage state affairs, economic affairs, and social affairs. We should uphold and improve the system of multiparty cooperation and political consultation under the leadership of the CPC; further promote standardization and institutionalization of political consultation, democratic supervision, and participation in the administration and discussion of state affairs; and give full play to the role of the CPPCC as an important channel for promoting socialist democracy. We should consolidate and develop the patriotic united front, fully mobilize the positive factors of all quarters, and encourage democratic parties, the Federation of Industry and Commerce, mass organizations and nonparty patriots to make new contributions to Jiangsu's reform, opening up, and modernization. We should step up contacts with Taiwan compatriots, Hong Kong and Macao compatriots, and overseas Chinese compatriots through various channels, and strive to contribute to accomplishing the great cause of the motherland's peaceful reunification.

It is necessary to promote the party's ideological education, organizational building, and the improvement of its work style. It is necessary to uphold the party's democratic centralism and to perfect the procedures and system for making policies democratically and scientifically. Effective measures should be taken to build the primary party organizations well. We should take a further step to strengthen the leading bodies at various levels and improve leading cadres' quality and leadership. We should make great efforts to train and select a large number of cross-century outstanding young cadres and woman cadres. We should persistently improve the party style and build a clean and honest government, and seriously ensure honesty and self-discipline among leading cadres. We should do a good job in investigating and handling major cases, solving special problems, and correcting unhealthy tendencies. Leading cadres at various levels should continue the work style of seeking truth, dealing with concrete matters relating to work, and implementing policies; go deep into the realities of life to conduct study and investigation; and do a solid work and perform more actual deeds for the people. I hope that democratic parties, the Federation of Industry and Commerce, mass organizations, and the vast number of CPPCC committee members will further supervise and support our work so that we will be able to perform our heavy responsibilities even better during the course of reform, opening up, and modernization.

Comrades, let us work under the guidance of Comrade Deng Xiaoping's theory on building a socialism with

Chinese characteristics and the party's basic line, unite closely around the party Central Committee with Comrade Jiang Zemin at its core, further emancipate our mind, seize the opportunity, and work hard with one mind and one heart to achieve new success in reform and construction and to attain the grand goal of realizing the socialist modernization of this province.

Shandong To Focus on Infrastructure Projects

OW0902084495 Beijing XINHUA in English 0832
GMT 9 Feb 95

[FBIS Transcribed Text] Jinan, February 9 (XINHUA)—East China's Shandong Province will make great efforts to speed up the construction on basic infrastructural projects this year.

The province has decided to pour more than 10 billion yuan into the construction of about 40 key projects in 1995, in a move to upgrade its railways, expressways, ports, power plants, and mines.

These include the construction of Shandong sections of the Beijing-Kowloon and Jinan-Handan railways, the Jinan-Dezhou and Jinan-Liaocheng highways, ports in Rizhou and Yantai cities, Qingdao and Longkou power plants, mines in Zhaoteng and Jining, and some steel and cement production plants.

Shandong invested nearly 11.5 billion yuan in the construction of 35 state and provincial-level key projects last year.

Shanghai To Elect New Mayor

HK0802125695 Hong Kong WEN WEI PO in Chinese
8 Feb 95 p a2

[By staff reporter Yao Hsin-pao (1202 2946 0202): "Shanghai People's Congress to Hold Meeting in Mid-February and Elect New Mayor"]

[FBIS Translated Text] Shanghai, 7 Feb (WEN WEI PO)—Shanghai is going to elect a new mayor. As this reporter learned, the third session of Shanghai's Municipal People's Congress to open in mid-February will elect a new mayor to succeed Huang Ju, incumbent mayor who has handed in his resignation.

Huang Ju was elected to be a member of the CPC Central Political Bureau at the Fourth Plenary Session of the 14th CPC Central Committee last September, and then succeeded Wu Bangguo, who was transferred to work with the central authorities, as secretary of the Shanghai Municipal CPC Committee.

Shortly after that, the day-to-day work of the municipal government was taken over by Vice Mayor Xu Kuangdi. Not long ago, Xu was promoted to deputy secretary of the municipal party committee and ranked immediately next to Huang Ju in the municipal leading body.

Shanghai Emphasizes Forming Enterprise Groups
OW0902035495 Beijing XINHUA in English 0322
GMT 9 Feb 95

[FBIS Transcribed Text] Shanghai, February 9 (XINHUA)—Shanghai has decided to put emphasis on the fostering of large enterprise groups this year, and has vowed to set up ten enterprise conglomerates which will be controlled by state capital and have an annual sales volume of over ten billion yuan each within two years, according to authoritative sources.

It has also vowed to set up a number of enterprise groups with large state-run enterprises as the mainstay, which are expected to yield an annual sales volume of some five billion yuan each.

Economic development needs the increasing support and advancement of large enterprise groups, economists said.

According to sources, the scheduled enterprise groups are among the most powerful ones in the local economy. The majority of them, including the Shanghai Auto Industry Corporation, Shanghai Electric United Company and Shanghai Rubber Tyre Co. Ltd, have capital of more than 500 million yuan and an industrial output value and sales volume of over two billion yuan each, or report more than 30 million U.S. dollars-worth of earnings through exports.

The establishment and development of the enterprise groups will have a crucial effect on Shanghai's economic development.

The local authorities have decided to combine the building of the groups with the establishment of a modern enterprise system and the reform of state assets management. The groups will be organized totally on the basis of assets, basically through purchase and mergers.

The local authorities hope that the groups will promote the readjustment of the industrial structure and city layout.

To expand rapidly on the basis of name-brand products is one of the strategies of the enterprise groups. The Municipal Bureau of Instruments and Meters plans to set up some 20 groups by 1997. They will bid for an annual sales volume of up to five billion yuan each through producing color television sets, color tubes, video recorders, audio systems, air-conditioners, microwave stoves, computers and camcorders.

Zhejiang Meeting Examines Political, Legal Work

OW0802123695 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 19 Jan 95

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The provincial political and legal work conference ended yesterday. The meeting urged all

localities to recognize the situation, work on major tasks, and make solid efforts to ensure social and political stability and smooth development of reform, opening up, and economic construction in Zhejiang. Provincial party Secretary Li Zemin and Chai Songyue, deputy provincial party secretary and executive vice governor, spoke at the meeting. Si Daxiao, member of the provincial party committee's standing committee and secretary of the provincial political and legal commission, presided over the meeting.

Li Zemin said: Political and legal organs at all levels and the masses of cadres and police officers have made significant achievements in maintaining social and political stability, cracking down on crimes, and strengthening the comprehensive management of social order and they have made great contributions to the promotion of Zhejiang's reform and opening up. He pointed out: In light of this year's situation and tasks, party committees and governments at all levels must strengthen the leadership in political and legal work. They must concentrate efforts to enhance people's awareness, carry out major tasks, and strengthen coordination among various departments. Li Zemin pointed out: To enhance people's awareness, we must make efforts to unify the ideology of leading cadres at all levels and continue to regard maintaining stability as a top priority. First, we must make a complete estimate of the difficulties in maintaining social stability and always keep alert. Second, we must often analyze and eliminate factors that affect social stability and foster a clear idea about hidden trouble and problems in various areas. We must conscientiously study ways to promptly solve these problems on our own initiative. Third, we must strive to resolve contradictions and solve problems before they become unsolvable. Fourth, we must stress the importance of responsibility of party and government leaders and help them enhance the sense of responsibility and truly shoulder the political responsibility of maintaining social stability.

Li Zemin said emphatically: To carry out major tasks, we must specify goals and tasks for various stages, tackle problems step by step, and strive for achievements. In view of the development of the situation and practical conditions in various localities, party committees and governments at all levels must take effective measures to solve major problems that have provoked strong reactions from the masses and maintain social stability. The focus of our tasks is to crack down on criminals and villains among people from other provinces and regions. We must intensify efforts in this field because this is one of problems that has provoked a strong reaction from the masses. All localities must strengthen social order in rural areas in accordance with the provincial government's unified plan for the second stage of intensified crackdown action. We must send powerful and effective personnel to areas where villains are rampant to tighten the social order and crack down on major crimes there. We must strengthen the construction, organization, and management of public security units at the grass-roots

level. Another major task for party committees and governments at all levels in maintaining social order and stability is to correctly deal with contradictions among the masses under the new situation. We must overcome and prevent two problems in this field. One problem is some cadres shift responsibilities to others and another problem is some cadres use wrong methods in dealing with contradictions. We must care about the well-being of the masses and pay attention to the methods we use.

Li Zemin said: To strengthen coordination among various departments, we must coordinate the actions of various political and legal departments and bring their individual strong points into full play. These departments must promptly inform the party committees of their plans for major issues and investigation results of major criminal cases. All localities must strengthen personnel who are engaged in public security, legal, and political fields. We must establish and perfect various management and supervision systems, encourage social organizations to play a role in supervising political and legal organs, and close all loopholes in the management system. Party committees and governments at all levels must care about the work and well-being of cadres and police officers who work for political and legal departments and do their best to help cadres and police officers solve difficulties and problems in daily life.

In his speech, Chai Songyue said: At present, we must make great efforts in maintaining stability, cracking down on major crimes, and prosecuting economic criminals. These are major tasks of our political and legal work. First, we must bear the masses' viewpoints in mind, solve their practical problems, and properly deal with various conflicts and unexpected incidents to solve various social contradictions in a timely manner. Second, we must continue to deepen the struggle against crimes and promote the comprehensive management of social order. Third, we must intensify efforts in investigating and prosecuting major economic crime cases to maintain the order of socialist market economy.

Central-South Region

Song Ping Inspects Guangdong's Zhuhai Airport

HK0902112895 Hong Kong WEN WEI PO in Chinese
20 Jan 95 p A3

[Dispatch: "Song Ping, Former Political Bureau Standing Committee Member, Visits Zhuhai Airport"]

[FBIS Translated Text] Zhuhai, 19 Jan (WEN WEI PO)—Accompanied by Liang Guangda, Guangdong Provincial CPC Committee standing committee member, Zhuhai City CPC Committee secretary, and Zhuhai mayor, Song Ping, former CPC Central Committee Political Bureau standing committee member, inspected the Zhuhai airport construction site yesterday.

Song expressed appreciation for the speedy construction, which is ahead of schedule and he also remarked at the high efficiency and quality of the construction.

Acting Hunan Governor Delivers New Year Speech

HK0902103495 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 29 Jan 95

[FBIS Translated Text] Dear listeners, today is the last day of the Chinese Year. At a time when the 1995 Spring Festival is about to come, Deputy Provincial Party Secretary and Acting Governor Comrade Yang Zhengwu made a broadcast speech to extend new-year greetings to vast numbers of cadres and the broad masses throughout the province.

[Begin recording] Dear comrades, as the joyful Spring Festival is about to come, I, on behalf of the CPC Hunan Provincial Committee and the Hunan Provincial People's Government, convey cordial regards to vast numbers of hardworking workers, peasants, intelligentsia, cadres, retired veteran compatriots, and people in all walks of life; all the officers and men of the People's Liberation Army stationed in Hunan, the armed police, and public security personnel; vast numbers of demobilized soldiers, families of revolutionary armymen and martyrs, and retired army cadres; and the people of various nationalities throughout the province. I also extend my heartfelt thanks to comrades standing fast at their posts during the festival.

At this juncture of getting rid of the old to make way for the new, we are much delighted and encouraged by looking back to the past year. In the past year, the people across the province conscientiously implemented the principle, as set forth by the central authorities, of seizing the opportunity, deepening reform, opening up wider, promoting development, and maintaining stability; correctly handled the relationship between reform, development, stability; and achieved new results in all types of work. Various key reforms were so fruitful that an important stride was made towards the establishment of a socialist market economic system. With the frequent outbreak of natural disasters and stringent macroeconomic regulation and control, our national economy maintained a good trend of sustained, rapid, and healthy development. Good agricultural harvests were reaped in an all-round way; major results were achieved in agricultural capital construction, foreign trade, finance, and various types of work; new development was made in science and technology, education, culture, public health, sports, and various social undertakings. New progress was made in party building, the building of spiritual civilization, and the building of a democratic legal system, and our society is still stable. These achievements were the outcome of the concerted efforts, united struggle, hard work, and all-out combat launched by the people of various nationalities throughout the province under the correct leadership of the Central Party and the State Council.

1995 is another year of hope, stability, and brightness. In the new year, we must uphold, in a better way, Comrade Xiaoping's theory of building socialism with Chinese

characteristics and the basic party line; fully implement the guidelines laid by the 14th Party Congress and by the third and fourth plenary sessions of the 14th Central Party Committee; make further efforts to handle well the relationship between reform, development, and stability; and accomplish, in a down-to-earth manner, the four key tasks of economic construction, reform and opening up, party building, and social stability. The focus of reform should be set on state-owned enterprises, and efforts should still be made to perfect the reform of the macro-economic system, to deepen the all-around reform of state-owned enterprises, and to speed up the establishment of a socialist market economic system. As far as the economic work is concerned, the focus should be placed on curbing inflation and strenuous efforts should be made to check excessive price rises. We must pay attention to the foundation role of agriculture and accelerate the development of agriculture and of the rural economy. We must devote our energies to the reorganization and transformation of industries and upgrade their overall quality and benefit. We must pay attention to the supply of electricity and water and intensify the building of urban infrastructure. We must keep opening up ourselves wider to the outside world. We must step up all types of construction to ensure that our national economy will develop in a sustained, rapid, and healthy manner.

Moreover, we must further strengthen party building, the building of spiritual civilization, and the building of a democratic legal system; strive to preserve social stability; and fully promote social progress.

Dear comrades, in the new year, we are full of hope but our tasks are very arduous. We must persist in, under the leadership of the Central Party Committee with Comrade Jiang Zemin at the core, our firm reliance on the all-out efforts made and the practical work done, with one heart and one mind, by the people of various nationalities throughout the province. If so, we must definitely overcome all sorts of difficulties, fully implement all types of work and tasks set for 1995, and score an even greater victory in reform and opening up and the building of two civilizations.

Finally, I sincerely wish all the comrades and friends a happy spring festival, in which you will be healthy and fulfill all your wishes. [end recording]

Hunan Secretary, Acting Governor Inspect Zhuzhou

HK0902112695 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 1 Feb 95

[FBIS Translated Text] On the second day of the Spring Festival [1 February], Provincial Party Secretary Wang Maolin, Deputy Provincial Party Secretary and Acting Governor Yang Zhengwu, and Vice Governor Zhou Bohua pointed out while working on the spot in Zhuzhou: [words indistinct] We must give the real benefit to the peasants to ensure a bumper agricultural harvest this year.

Early on the morning of that day, Wang Maolin, Yang Zhengwu, and Zhou Bohua led cadres in charge of the provincial department of the chemical industry, the provincial economic and trade commission, and the provincial supply and marketing cooperative to Xiangjiang Nitrogenous Fertilizer Plant in an attempt to work out a settlement to existing concrete problems of the production of chemical fertilizer.

Wang Maolin and Yang Zhengwu said along these lines: Our province is a large agricultural province. Now peasants have unprecedented enthusiasm for farming. To guarantee the supply of such agriculture-aid products as chemical fertilizer, pesticide, and membrane is the key link for reaping a bumper harvest of grain this year. As far as agriculture-aid products are concerned, we should devote our efforts to have better management and to reduce the production cost, implement the system of management by product objective, and aid agricultural production with fine-quality products. Departments of supply and marketing should bring under control the selling prices of agricultural-aid products, including chemical fertilizer, pesticide, and membrane, whereas every marketing network of chemical fertilizer and pesticide must sell at marked prices, show its business license in public, and accept supervision.

Moreover, in the company of Zhuzhou City Party Secretary Cheng Xinghan and Mayor Wang Dingming, Wang Maolin, Yang Zhengwu, and Zhou Bohua also went to Xiangjiang Nitrogenous Fertilizer Plant, Zhuzhou Chemical Plant, and Zhuzhou Smelter to extend new year greetings to cadres and workers standing fast at their production posts during the festival.

On the afternoon of the same day, Comrades Wang Maolin, Yang Zhengwu, and Zhou Bohua also enthusiastically went to the construction site of the Zhu Jiang flood-control project in Zhuzhou City to carry out on-the-spot inspection, during which they acclaimed benefits of the project for the whole province.

Southwest Region

Guizhou Secretary on Journalism, Propaganda Work

HK0902093995 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 29 Jan 95

[FBIS Translated Text] At a new-year forum of the press yesterday, Guizhou CPC Provincial Secretary Liu Fangren stressed: I wish for all the comrades of the press in our province to fully implement the guidelines laid by the 14th Party Congress and by the third and fourth plenary sessions of the 14th Central Party Committee, to fully implement the guidelines laid by the National Meeting on the Work of Propaganda and Ideology last year, to insist on taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the fundamental guide, to arm people with scientific theories, to guide people with correct public opinion, to

mold people with a lofty spirit, to inspire people with excellent works, to strengthen weak links while consolidating achievements which have been made, to upgrade their work, to give full play to the political superiority of the work of propaganda and ideology, and to strive to give strong support to reform and construction.

Comrade Liu Fangren spoke highly of the work done by provincial press units and by branches of central press units set up in Guizhou. He said: Vast numbers of journalists going to the grass roots for investigation have done a good job in wholeheartedly giving publicity, through public opinion, to our province's principle for deepening reform, opening up wider, accelerating development, and preserving stability; have played a proper role of guiding public opinion to supervise the work of our province in strengthening party building, the building of spiritual civilization, and the building of democracy and of a legal system; have promptly reported the new achievements and experience achieved by every front of our province; and have made significant contributions to developing the economy of Guizhou and preserving its social stability.

Comrade Liu Fangren expressed his four-point wishes for conducting propaganda through public opinion this year: First, it is necessary to insist on taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide for journalism and the work of public opinion and to conscientiously fulfill the task of arming the whole party and educating the masses with this theory. Second, it is necessary to insist on implementing the basic party line and serving the overall working situation of the whole party and the whole country. Third, it is necessary to uphold the principle of focusing on positive propaganda to give an impetus to the cause of promoting Guizhou's prosperity and making our people rich. Fourth, it is necessary to accomplish the building of the contingent of journalists and to strive to upgrade journalism and the work of public opinion.

The new-year forum was jointly sponsored by the general office of the provincial party committee, the general office of the provincial government, and the provincial party committee's propaganda department, and it was presided over by Deputy Provincial Party Secretary Wang Siqi. Vice Governor Wang Guangxian and Propaganda Department Head Huang Yao, who are members of the provincial party committee standing committee, attended the meeting. Comrades in charge of provincial press units and of branches of the central press unit set up in Guizhou were present at the forum. Gao Zongwen, editor-in-chief of GUIZHOU RIBAO; Huang Shiwei, director of the provincial radio and television department; Mei Yingfu, head of Guizhou People's Radio Network; Zhao Yunqian, head of the provincial television network, and others made remarks at the forum.

North Region

Inner Mongolia Criminal Activity Reported

Women's Abductors Arrested

SK0902020095 Hohhot NEIMENGGU RIBAO in Chinese 22 Jan 95 p 1

[By reporter Lu Xiaoping (2621 1420 1627): "A Number of Abductors of Women Sentenced"]

[FBIS Translated Text] Led by the regional public security department, Togtoh County achieved the first victory in the special campaign to deal blows to abductors, a campaign which lasted for more than one year, covered three provinces, and was in close coordination with public security, procuratorial, and judicial organs. In view of the situation in which the number of cases of abducting and trafficking of women have increased in our region recently, the regional Public Security Department maintained close coordination with the Public Security Department of Togtoh County to successively ferret out three exceptionally large gangs of abductors and traffickers of women, arrested 12 criminals, and saved 38 women. Twelve criminals, including Li Dai-chun, were respectively sentenced to death, to death with reprieve, or to more than 10 years of imprisonment.

Shangdu County Executes Tyrants

SK0902000195 Hohhot NEIMENGGU RIBAO in Chinese 8 Jan 95 p 1

[FBIS Translated Text] Chen Guangliang, Chen Guangbing, and Cheng Guangrui, three brothers who persistently played tyrant in the village and doing many evil things in Dakulun Township of Shangdu County in Ulanqab League were executed in Shangdu County in line with law a few days ago.

Chen Guangliang, Chen Guangbing, Chen Guangrui, and Chen Guanghong were four brothers who were peasants of Dakulun Township of Shangdu County in Ulanqab League. These four criminals played tyrant in the village regularly, rode roughshod over the people, and were regarded as "village tyrants." From 1980 to 1993, these four criminals successfully committed 13 crimes of theft in the village, stole grain, timber, electric motors, pumps, domestic animals and other collective and individual property worth more than 12,200 yuan. Giving vent to personal spite, Cheng Guangliang and Cheng Guangbing filled and leveled up a motor-pumped well which was in use in the village and damaged the diesel engines of the villagers, thus sabotaging the production of the collectives. In addition, Chen Guangliang also raped the sister of the wife of his elder brother. Chen Guangliang harbored hatred against Luo Bin, chairman of the villagers' committee because Luo's father had once placed the father of Cheng Guangliang, Chen Guangbing, and Chen Guangrui under surveillance during the "Cultural Revolution," and because he had quarrelled

with them while collecting agricultural taxes, and thus planned, many times, to do violence and take revenge.

In January 1994, the brothers of the Chen family put dynamite into a knitting bag which they made beforehand, placed it on the roof of Luo Bin's house, and ignited it. As a result, Luo Bin, and his wife and daughter were bombed to death.

After being tried by the Ulanqab League Intermediate People's Court, the acts of the three Chen brothers were comprised of crimes of planting a bomb, theft, and sabotaging the collective production, and they were sentenced to death in line with law. Because Chen Guanghong only participated in planning the murder and was not at the scene of the murder, he received a sentence of 18 years' imprisonment for the crimes of planting a bomb, theft, and rape. The court verdicts of sentencing Chen Guangliang, Chen Guangbing, and Chen Guangrui to death were ratified by the regional higher people's court during the second trial.

Shanxi Province Takes Steps To Reduce Pollution

OW0902024895 Beijing XINHUA in English 0215
GMT 9 Feb 95

[FBIS Transcribed Text] Taiyuan, February 9 (XINHUA)—More effective steps are being adopted to bring water and air pollution under control in north China's Shanxi Province, one of the leading energy and chemical industrial centers in China.

Environmental pollution has been a big headache for long in Shanxi, hindering the growth of its economy.

Since 1993 the Provincial People's Congress, the local legislative body, and the provincial government have strengthened legislative work and ensured the enforcement of regulations concerning environmental protection.

So far, local people's courts at different levels have handled 3,347 cases of illegal activities in this regard.

Meanwhile, local departments responsible for environmental protection have tightened supervision and administration, urging enterprises in sectors such as coal mining, electricity, metallurgy, chemicals, textiles and building materials to control pollution.

Some 700 million yuan has been used to support 250 key pollution-controlling projects in the past two years.

Complete sets of pollution-reduction facilities and equipment have been designed, constructed and put into operation.

The new equipment is capable of processing 69.7 million tons of waste water, 903 million cu m [cubic meters] of dust and 15.88 million tons of solid waste every year.

The dust-controlled and noise-controlled areas have respectively reached 130 sq km and 238 sq km in

Shanxi's major cities, such as Taiyuan, the provincial capital, and Datong, an important coal-producing city.

Science and technology have also played an important role in pollution control. Some 37 practical technologies have been introduced to help reduce and recycle pollutants emitted by small workshops, which produce coke, sulphur, paper and metal in backward ways.

At present, the province has 126 enterprises involved in the development and production of new pollution-reducing products, such as dust-removing equipment.

Meanwhile, foreign funds have been injected into the province's pollution-control projects in recent years.

Out of 25 major joint-funded projects in the province, five have attracted 125 million U.S. dollars from the Asian Development Bank.

About 17.65 million U.S. dollars will be invested in projects of waste water processing and recycling through co-operation between Changzhi City and two German companies.

Aided by the Japanese Government, about 26.25 million U.S. dollars has been poured into a desulphurization project of a thermal power station in Taiyuan.

The province's efforts have aroused the public awareness of environmental protection.

In Huguan County, local people have planted trees, checked soil erosion and established efficient ecological methods of farming.

The State Bureau of Environmental Protection has chosen the province as a candidate for "Global 500", a prize presented by the United Nations Environmental Program every year to promote global environmental protection.

Northwest Region

Qinghai To Stop Illicit Lumbering, Hunting

HK0902093095 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 1 Feb 95

[FBIS Translated Text] On 26 January, the provincial government called an ad hoc meeting to make arrangements for the work of forest resources and wildlife conservation in our province.

Wildlife bounds in our province, with over 300 varieties of marketable wildlife, and over 40 of which are animals of state grade one and grade two; whereas there are 1.6 million hectare of forest and timberland. Our province has attached great importance to the work of forest resources and wildlife conservation and has done a lot of solid and fruitful work since the founding of our country, particularly in recent years, including the successive establishment of 35 no-hunting zones and natural resources conservation zones. As a set of rules and policies were recently promulgated by the provincial

people's congress standing committee and the provincial government, the work of forest and wildlife conservation has basically moved closer to rule by law.

Moreover, positive measures have been taken by various localities throughout the province. Departments of forestry and public security have set up conservation and management organs in major forests to carry out regular inspection and to deal a severe blow at illegal elements. However, as our province covers a vast territory and our infrastructure is backward, there are many administrative problems. The phenomena of illicit and indiscriminate lumbering and wildlife hunting cannot be stopped with repeated bans and have even gained ground in some areas. This has caused much concern from leading comrades of the central authorities. In order to earnestly

implement the instructions issued by leading comrades of the central authorities, the provincial government called the ad hoc meeting.

At the meeting, Vice Governor La Bingli urged various localities throughout the province to set great store by the work of forest resources and wildlife conservation, to have a full understanding of the significance and urgency of the conservation work, to conscientiously strengthen their leadership over the work, to carry out the work of propaganda and education in an extensive and in-depth manner, and deal a severe blow, according to law, at illegal elements committing illicit and indiscriminate lumbering and wildlife hunting and profiteering. Moreover, relevant departments must work out corresponding administrative measures as soon as possible to heighten market administration and to resolutely stern the channels for circulating stolen timber and wildlife on the market.

Further Coverage on Reaction to Jiang's Speech**ARATS' Head Comments**

OW0802144895 Beijing XINHUA in English 1416
GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—Wang Daohan, president of the Association for Relations Across the Taiwan Straits (ARATS), today described Chinese President Jiang Zemin's speech on the Taiwan issue as being of far-reaching significance for the promotion of the peaceful reunification of the motherland.

Jiang's speech, delivered on January 30, expounded the basic policy of the Communist Party of China (CPC) and the Chinese government on the solution of the Taiwan issue and realization of the peaceful reunification of the motherland. In the speech, Jiang, who is also general secretary of the CPC Central Committee, put forward a number of new proposals, Wang said.

Taiwan and the Chinese mainland have flesh-and-blood ties and share the same destiny, he said.

History shows that people on both sides of the Taiwan Straits have identical fundamental interests. Any idea or action which intends to set the interests of the 21 million Taiwan compatriots against those of the 1.2 billion people of whole China will harm the fundamental interests of entire Chinese people, including the Taiwan compatriots, he said.

Wang said that the speech outlined principles and measures to protect and respect the legitimate rights and interests of the Taiwan compatriots in the political, economic and other spheres before and after reunification. "This will help eliminate the sense of estrangement from the mainland created by history among some Taiwan compatriots," he noted.

In his opinion, more and more people in Taiwan have come to see that the mainland's reform and opening to the outside world have facilitated Taiwan's economic growth and will bring Taiwan more benefits in the future.

Promotion of economic exchanges and co-operation between the two sides is an important part of efforts to promote cross-straits relations, reunification of the motherland and revitalization of the Chinese nation, Wang stressed.

The big change in the world economic structure has provided a good opportunity as well as a grave challenge to the economic and trade co-operation between the two sides of the Taiwan Straits.

"Only when the two sides enhance economic and trade co-operation can we go with the tide of historical development, face challenges and open vistas for mutual complementarity, mutual benefit and common development," he added.

In recent years, Wang said, "We have repeatedly made the call that both sides of the Taiwan Straits should do something concrete for promoting economic exchanges and co-operation. Meanwhile, people of all walks of life in Taiwan, especially those in the industrial and commercial sectors, urged the establishment of direct links between the two sides for postal, trade, air and shipping services at an early date."

It is time for the two sides to make concerted efforts in formulating measures for the promotion of economic exchanges and co-operation, he said.

"We proposed that ARATS on the mainland and the Straits Exchange Foundation (SEF) in Taiwan should hold meetings as soon as possible to discuss the signing a nongovernmental document on the protection of the legitimate rights and interests of Taiwan business people on the mainland on the basis of mutual benefit" he said.

Wang pledged that his association will increase contacts with all parties, social organizations and people from various circles in Taiwan, and listen to and convey their opinions and demands to relevant departments on the mainland. He said that it would also give assistance to departments concerned in handling matters concerning exchanges among people from both sides of the straits and provide better service for Taiwan compatriots.

ARATS will further enhance co-operation and promote high-level talks and multi-level contacts with the SEF, continue routine and authorized negotiations between ARATS and SEF, make appropriate arrangements for the solution of problems arising from exchanges between the two sides and facilitate cross-straits co-operation and the peaceful reunification of the motherland, he said.

Referring to the second "Wang Daohan-Ku Chen-fu talks", Wang said he expects the talks will be held as soon as possible because constant contacts and frank exchanges of opinions between leaders of ARATS and SEF are important ways for the two sides to get a better understanding of each other and cultivate mutual trust and are of great significance for contacts and cooperation between ARATS and SEF.

He said he hope that more high-level talks between leaders of the two organizations would be held in the future and that he believed the building of a mechanism for such talks and the positive influence of these talks would tally with the interests of both sides and benefit the relaxation, improvement and development of relations between the two sides of the Taiwan Straits.

Wang said he is expecting an official response from SEF.

Comments by ARATS' Head Detailed

OW0902043795 Beijing XINHUA Domestic Service in Chinese 0938 GMT 8 Feb 95

[FBIS Translated Text] Shanghai, 8 Feb (XINHUA)—Wang Daohan, chairman of the Association for Relations Across the Taiwan Strait [ARATS], told a

XINHUA reporter today that the important speech entitled "Continue To Promote the Reunification of the Motherland," which was delivered by General Secretary Jiang Zemin on the eve of the Spring Festival, has not only further expounded the CPC and the government's policy on solving the Taiwan issue and realizing the peaceful reunification of the motherland, but has also put forward new propositions and suggestions in light of the new situation in the development of cross-strait relations. The speech is of very important and profound significance to the development of cross-strait relations and the promotion of the process of the peaceful reunification of the motherland.

Wang Daohan said: Taiwan and the motherland are as close as one blood and have shared the same destiny. In history, compatriots on the two sides of the strait have come together on common missions and with shared feelings amid struggles to resist the enemy and powerful forces, safeguard the state's sovereignty and territorial integrity, and maintain national dignity. Compatriots on both sides have gone through the same suffering and vicissitudes of life as a result of the wound to China caused by the carving up of its overall interests. The kinds of hardships experienced by Taiwan compatriots during colonial rule have been a humiliation forced on China by external forces and an unfortunate tragedy for China. History has repeatedly proven that the fundamental interests of compatriots on the two sides coincide; any idea or act designed to antagonize or separate the interests of 21 million Taiwan compatriots and those of 1.2 billion people in China will, in the final analysis, harm the fundamental interests of all Chinese, including Taiwan compatriots. The 21 million Taiwan compatriots, be they natives of Taiwan Province or any mainland provinces, are all our blood brothers. General Secretary Jiang's speech has fully elaborated the principles and measures designed to show concern over, attach importance to, and respect Taiwan compatriots' political, economic, and other legitimate interests before and after reunification. Having felt their legitimate interests respected and protected, some Taiwan compatriots who feel distanced from the motherland for historical reasons, will have such feelings eliminated as soon as possible. In the meantime, more and more Taiwan compatriots have become aware that the motherland's reform, opening up, and economic development have brought profits and will continue to bring greater profits to Taiwan's economic development. They have also come to understand that a united, powerful, and prosperous China will offer more opportunities for Taiwan compatriots to develop the economy by using the hinterland of the motherland and this will allow them to share, even more fully, the dignity and glory of a great country.

Wang Daohan emphatically noted: The promotion of cross-strait economic exchanges and cooperation is an important part of developing cross-strait relations, realizing the reunification of the motherland, and revitalizing the nation. At present, the continuing large-scale changes in the world economic structure have provided a

very good opportunity for cross-strait trade and economic cooperation as well as posing a grim challenge. General Secretary Jiang has noted: "In face of the development of the world economy in the 21st century, great efforts should be made to expand the economic exchanges and cooperation between the two sides of the Taiwan Strait so as to achieve prosperity on both sides to the benefit of the entire Chinese nation." Only by intensifying trade, economic exchanges, and cooperation can both sides adapt themselves to the trends, meet the challenge, and create a bright future for work to supplement and benefit each other as well as joint development. We have repeatedly called on both sides of the strait to do more practical work to intensify economic exchanges and cooperation these years. Day by day the wish of various circles in Taiwan, particularly industry and commerce, is growing to establish direct mail and air links, shipping services, and trade across the strait as soon as possible. We have also noticed recently that the Taiwan side has been inclining toward a policy of "economy and trade as the main plank of cross-strait relations at the present stage." We believe the time has come for both sides to make concerted efforts to work out measures and earnestly promote cross-strait economic exchanges and cooperation. The ARATS-proposed nongovernmental meeting on economic exchanges, jointly prepared and held by ARATS and Taiwan's Straits Exchange Foundation [SEF] and attended by relevant responsible persons in appropriate capacities, is a very good proposal. We also maintain that ARATS and SEF should contact each other as soon as possible to discuss the signing of a nongovernmental document to protect the legitimate interests of Taiwan businesses, which has been agreed on a mutually reciprocal and beneficial basis.

Wang Daohan noted: As a nongovernmental organization authorized to achieve the goal of promoting cross-strait contact, developing cross-strait relations, and realizing the motherland's peaceful reunification, ARATS plays an important role in the current development of cross-strait relations. General Secretary Jiang's important speech is of far-reaching significance in guiding the association's future work. ARATS should further increase contact and communication with all political parties, social organizations and people from various circles in Taiwan; listen to and promptly convey their opinions and demands to relevant departments; provide better assistance to relevant departments in promoting cross-strait contacts and exchanges; help relevant departments handle matters arising from contacts between compatriots on both sides of the Taiwan Strait; earnestly safeguard the legitimate rights and interests of compatriots on both sides of the Taiwan Strait; and provide better service for Taiwan compatriots. Moreover, ARATS should, as always, continue to increase contact and cooperation with the SEF; strengthen high-level dialogue and multilevel contact with the SEF; promote routine and other authorized negotiations with the SEF

in the spirit of respecting each other, holding negotiations on an equal footing, seeking truth from facts, and seeking common ground while reserving differences; jointly seek appropriate solutions to various problems arising from cross-strait contact; and promote cross-strait cooperation and peaceful reunification.

On the date for holding the second Wang Daohan-Gu Zhenfu [Ku Chen-fu] meeting that is of great concern to people at home and abroad, Wang Daohan said: Last February, I formally raised the suggestion with SEF Chairman Mr. Gu Zhenfu that we hold another meeting. We believe that regular contact, dialogue on policy issues, and a frank exchange of views between the leaders of the two organizations are important ways and means for the two sides to gain a better understanding of each other and to build mutual trust. They are of great significance in providing contacts and cooperation between the two organizations, as well as beneficial interaction in cross-strait relations. We favor holding a second meeting as soon as possible. We may either hold in-depth discussions on specific topics or exchange views on a broad range of issues of common interest without discussing specific topics. In sum, we hope for more high-level contact and dialogue between the two organizations. I believe the establishment of a mechanism for holding dialogue and its potential positive influence tally with the interests of both sides, and will benefit the relaxation, stabilization, and constant improvement and development of cross-strait relations. We look forward to an official response from the SEF.

CAPD 'Agrees With' Speech

*OW0802152195 Beijing XINHUA in English 1459
GMT 8 Feb 95*

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—The China Association for the Promotion of Democracy (CAPD) agrees with, and supports the proposals in Jiang Zemin's latest speech on the Taiwan issue and will always be ready to do its best to serve the goal of peaceful reunification of the motherland, said CAPD chairman Lei Jieqiong here today.

Lei, also deputy chairman of the Standing Committee of the National People's Congress, said this at a special forum organized by the CAPD Central Committee for studying and discussing the speech made by Jiang, general secretary of the Central Committee of the Communist Party of China (CPC), on January 30, just a day before the Spring Festival.

During the forum, Lei said that Jiang's speech represents the sincerity of the CPC and the central Chinese government about solving the Taiwan issue by peaceful means and bringing about an early reunification of the motherland.

She said that Jiang's speech is an important step for continuing to implement the basic principles of peaceful reunification and "one country, two systems", and is of

great significance in history as it laid a good foundation for breaking the deadlock between the two sides of the Taiwan Straits.

"Recently the Taiwan authorities have said that they 'will attach importance to Jiang Zemin's speech', and 'should make a good analysis of it'," said Lei. "We appreciate this attitude," he added.

Lei urged Taiwan people of insight not to miss this opportunity, as Jiang put forward in his speech eight new views and propositions on a number of important questions that have a bearing on the development of relations between the two sides of the Taiwan Straits and the promotion of the peaceful reunification of the motherland.

She also said she hoped that the Taiwan authorities would take concrete actions, in response to Jiang's speech, and to realize the direct transportation, mail service and trade links. All non-communist parties should actively respond to Jiang's speech and do their best to bring about an early reunification of the motherland, she added.

The CAPD is one of the eight major non-communist parties in China. It is composed of experts and scholars from the fields of education, culture, publishing, medicine and health.

More than 20 people attended today's forum. The participants pledged that they would bring the advantages of the CAPD into full play and enhance exchanges and co-operation between the two sides in the aspects of culture, education, science and technology, and medicine and health, so as to make greater contributions to bringing about an early reunification of the motherland.

CASS Scholars Respond

*OW0802140095 Beijing XINHUA in English 0919
GMT 8 Feb 95*

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—Several noted scholars in Beijing say that an active response to Jiang Zemin's recent reunification propositions is anticipated from Taiwan.

Scholars from the Chinese Academy of Social Sciences (CASS) say that Jiang's January 30 speech is sincere and intimate, and that it is a signal that cross-straits relations have reached a new stage.

"Thus, the propositions should be considered seriously by the Taiwan authorities," scholars said at a seminar here today.

CASS is the country's top social sciences research center and a government think tank.

"People here and in Taiwan are all fellow Chinese, and we are very wise people. It will be conducive if we begin (reunification) negotiations," said Wu Daying, director of the Politics Institute of CASS.

"The most important thing is to end hostilities and start talks under the premise of 'One China'," said Da Yuanchen, an economist.

Most scholars say that, in fact, Jiang's promise that "Chinese should not fight fellow Chinese" was widely welcomed by people in Taiwan.

The scholars say that it is not wise for Taiwan to remain silent on the reunification issue, as China's economy is booming and its relations with the United States, Japan, and the Southeast Asian countries have been improved, and Hong Kong is due to return soon.

"A large number of Taiwan scholars are now studying the reunification issue, while international academic circles widely believe that a unified China can promote world peace," said Wang Jiafu, a law research fellow.

According to Wang, Jiang's speech will provide more topics for researchers from across the Taiwan Straits to discuss. And direct links between the two sides are needed if Taiwan wants to maintain its economic prosperity, the scholars said.

"In any case, it is time for Taiwan to give an active response to propositions such as holding peaceful reunification negotiations, exchanging views between the Communist Party and various parties in Taiwan, and expanding economic cooperation in spite of political differences," said Jiang Dianming, director of the Taiwan Institute of CASS.

"All Chinese will firmly oppose foreign interference in Taiwan affairs," said Tao Wenzhao, a U.S.-issues expert.

'Returned Overseas Chinese' Hold Forum

OW0802135095 Beijing XINHUA in English 1248
GMT 8 Feb 95

[FBIS Transcribed Text] Beijing, February 8 (XINHUA)—All Chinese, including returned overseas Chinese and Chinese still living aboard should play a more

active role in the efforts for the reunification and prosperity of the motherland.

This was the view shared by all returned overseas Chinese attending a forum organized by the All-China Federation of Returned Overseas Chinese today to discuss President Jiang Zemin's recent speech on the Taiwan issue.

The proposals put forward by Jiang in his speech reflect the just stand the Chinese Communist Party and the Chinese government have taken toward reunification of the motherland through peaceful means, said Yang Taifang, Chairman of the Federation.

The speech, also expressing the sincere wish of the Party and the government for reunification, will have a far-reaching impact on promoting the relations between the two sides of the Taiwan Straits and accomplishing China's reunification at an early stage, the chairman said.

Yang said that his federation, consisting mainly of returned overseas Chinese and their relatives, will do its utmost for the reunification of the motherland.

The federation will also make full use of its wide connections with overseas Chinese to establish closer links with overseas Chinese and organizations in Taiwan, and develop exchanges, especially cultural, scientific and technological exchanges, with the compatriots as well as the non-governmental organizations on the other side of the Straits.

It is high time that all overseas Chinese contributed to the reunification and prosperity of the motherland, said Yang.

More Reaction to Jiang Zemin's Speech**Li Reacts to Speech***OW0902021095 Taipei CNA in English 0153 GMT 9 Feb 95**[By Bear Lee]*

[FBIS Transcribed Text] Taipei, Feb. 9 (CNA)—President Li Teng-hui on Wednesday called for the stable development of relations between Taiwan and Mainland China.

Li, in his capacity as chairman of the ruling Kuomintang [KMT], said that Taiwan should pay greater attention to the problems surrounding Beijing over its power succession and seek to analyze coolly and objectively the statement made by mainland Chinese President Jiang Zemin on the eve of lunar new year.

He also called for cross-strait problems to be dealt with from an objective angle and with a forward-looking vision so as to help promote the stable and smooth development of relations between the two sides and to "avoid unnecessary unhappiness."

Li made the remarks at a KMT Central Standing Committee meeting after hearing a report by Huang Yao-yu, director-general of the party's Mainland Affairs Department, on Jiang's statement.

Jiang, in his Beijing speech, insisted on the necessity of using force against Taiwan should Taiwan declare independence or foreign forces intervene to make an independent Taiwan, but also called on leaders of Taiwan to visit the mainland and said that he himself is willing to visit Taiwan.

Analyzing the Jiang statement, Huang said that it was made against the following backdrop:

- That Beijing's new leadership, with Jiang as its key figure, may not be able to take power smoothly after patriarch Deng Xiaoping dies, with a power struggle ensuing;
- That the mainland is now plagued by serious economic and social problems, and that it has misconstrued that a big change in Taiwan's political situation will take place;
- That Beijing is trying to lure Taiwan into returning to or unifying with the "motherland" with the approaching return of Hong Kong and Macao to mainland rule in 1997 and 1999, respectively; and
- That except for pressure economically from the United States, Beijing is now free from serious confrontations with major world countries, militarily, or economically.

Huang said Jiang's statement was the first time a mainland president or Communist Party head has announced

Beijing's Taiwan policy. He added that the Jiang statement, released at the same time Deng's health is reportedly in decline, apparently aimed to tell the world that the "Jiang core" is now in charge.

Meanwhile, the Jiang statement has been widely echoed by Mainland China's government, party and military sectors, showing that Beijing is trying to use the statement to establish an internal consensus on its Taiwan policy, Huang said.

He also said that Jiang is attempting to enlarge his power base and attract Taiwan investments, especially from big corporations, to the mainland in the hope that Taiwan will be forced to establish direct cross-strait transportation links.

Huang suggested that the KMT stick to its basic stand and seek to establish a national consensus before responding to Jiang's statement.

Meanwhile, the Democratic Progressive Party, Taiwan's major opposition party, released a statement on Wednesday supporting the continuation of cross-strait talks on an equal basis.

The DPP said that negotiations between the leaders of the two sides should not take place before Taiwan elects its president through a popular vote.

Saying it was happy to see both sides develop friendly and mutually beneficial relations, the DPP also expressed its regret over Jiang's reluctance to renounce the use of force against Taiwan.

Chien on Speech*OW0902021795 Taipei CNA in English 0207 GMT 9 Feb 95**[By Bear Lee]*

[FBIS Transcribed Text] Taipei, Feb. 8 (CNA)—Foreign Affairs Minister Chien Fu on Wednesday said that Beijing has not stopped its practice of blocking the Republic of China [ROC] in the international community and that the government will not change its foreign operations.

Chien said the statement made recently by mainland President and Communist Party General Secretary Jiang Zemin contained nothing new as far as the foreign arena is concerned.

Jiang reiterated that Beijing is opposed to Taiwan's efforts to continue "expanding its living space internationally," which he said was aimed at creating "two Chinas" or "one China, one Taiwan."

Jiang also said that "the problems of China should be solved by Chinese ourselves and has nothing to do with others."

Chien said that the ROC has never advocated "two Chinas" and that it will not change its foreign operations, and added that Jiang was "singing the same old tune."

Taipei Names Delegation for Talks With U.S.

OW0902133695 Taipei CNA in English 0933 GMT 9 Feb 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Feb. 9 (CNA)—The first-ever vice ministerial-level economic dialogue between Taiwan and the United States after the two countries suspended official ties in 1979 will be held in Washington, D.C. in April, sources here said Thursday.

The sources, who requested anonymity, pointed out that Vice Economic Affairs Minister Sheu Ke-sheng will very likely represent Taiwan at the meeting, which will focus discussion on trade policies such as Taiwan's plan to become an Asia-Pacific business operations center and economic prospects.

The economic dialogue is separate from the bilateral consultative meeting under the Trade and Investment Framework Agreement (TIFA), which is scheduled for March in the United States, they noted. The two countries signed the TIFA last September.

Lin Yi-fu, director-general of the Board of Foreign Trade, will head a delegation to the TIFA consultations, which will focus on intellectual property rights protection, dumping, trade sanctions, and the Pelly Amendment to the Fishery Conservation Act of 1967 and trade liberalization.

The United States imposed Pelly Amendment sanctions on certain Taiwan v. specimens and products last August.

Government To Take Measures on Trade War

OW0902112495 Taipei Voice of Free China in English 0200 GMT 8 Feb 95

[FBIS Transcribed Text] The ROC [Republic of China] Government will take effective measures to help Taiwan investors in Mainland China to cushion the impact of the impending trade war between the United States and the mainland. Board of Foreign Trade Director General (Lin Yu-fu) Monday [6 February] said the government will allow more imports of semfinished products from Mainland China for export processing in Taiwan. At present, a total of 2,161 types of semfinished goods from Mainland China are allowed to be completed on the island and exported with a made-in-Taiwan label. The Board of Foreign Trade will soon coordinate with other government agencies to set up bonded warehouses to store unlisted semfinished goods manufactured by Taiwan-invested plants in Mainland China. He said the products so manufactured should all be exported.

Washington announced over the weekend that it will impose a 100 percent tariff on 35 categories of mainland products, starting on the 26th of this month, if Peking [Beijing] fails to promise to provide better protection for U.S. copyright, patents, and trade marks before the deadline. Many Taiwan-invested plants on the mainland manufacture products that are included in those 35 categories.

Mainland Taipei's 5th Largest Import Source

OW0802124795 Taipei CNA in English 0952 GMT 8 Feb 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Feb. 8 (CNA)—Indirect deliveries of Mainland Chinese goods to Taiwan in January reached US\$277 million, making Mainland China the fifth largest import source for Taiwan for the first time, the Ministry of Finance reported Wednesday.

The US\$277 million worth of imports from the mainland in January, mostly raw materials and semi-finished products, was an increase of 86.6 percent over the year-earlier level, marking a single-month record in indirect cross-Taiwan strait trade, according to ministry tallies.

Taiwan's top four import sources were Japan, the United States, Germany and South Korea, in that order.

Ministry officials attributed the sharp increase in imports from the other side of the strait to the mainland's gradually relaxed trade policies and increasingly closer trade ties between the two sides.

Although the officials saw the January import hike as a single-month phenomenon, they didn't rule out that two-way trade between Taiwan and the mainland will continue to expand. Currently, Mainland China is the second largest export outlet for Taiwan goods.

Mainland China was Taiwan's 25th largest import source in 1991 with indirect imports totaling US\$293 million for the whole year, the tallies showed.

In a short period of three years, the imports jumped to US\$277 million for the single month of January 1995, expanding from US\$747 million in 1992 (20th), US\$1.015 billion in 1993 (16th), and US\$1.859 billion in 1994 (9th).

Delegation To Discuss Air, Sea Links in Beijing

OW0902112695 Taipei CNA in English 1007 GMT 9 Feb 95

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Feb. 9 (CNA)—A 17-member delegation composed of legislators, domestic air and shipping operators and scholars left for Beijing via

Hong Kong Thursday [9 February] to study Beijing's view about Taiwan's push to become a regional operations center.

Legislator Lin Cheng-chieh said that the group will probe Beijing's stand on the plan, which involves cargo air and sea links between the two sides of the Taiwan Strait.

He said that as ranking officials on both two sides of the Taiwan Strait are still prohibited from official contacts, the legislators can serve as an effective conduit for cross-strait communications.

Lin said that he will present information gathered during the trip to the Council for Economic Planning and Development (CEPD) [passage indistinct]

As this is the first Taiwan group to visit Mainland China since Mainland Chinese President Jiang Zemin raised his eight-point proposal on meeting with Taiwan President Li Teng-hui, Lin said that his group will also try to gather more substantial information about the proposal.

The delegation was originally to include legislators from the ruling Kuomintang and opposition Democratic Progressive Party and Chinese New Party, as well as non-partisan members. However only DPP legislators Lin Kang-hua, Tai Shih-yuan and [name indistinct] left with the group. Lin is a non-partisan legislator.

Lin's group will visit Beijing, Hong Kong, Macao and Singapore before returning to Taiwan Feb. 7.

Report Cites Costly Air Force IDF Buildup

OW0902020595 Taipei CNA in English 0125 GMT 9 Feb 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Feb. 8 (CNA)—The air force's military buildup is progressing smoothly, but a government report on Wednesday warned of the high cost of manufacturing locally designed Ching Kuo jet fighters, better known as Indigenous Defense Fighters, or IDFs.

In a report to the Legislative Yuan on the implementation of the last fiscal year's government budget, the Ministry of Audit said the manufacture of the F-16s the ROC [Republic of China] has ordered from the United States and the Mirage 2000-5s it has ordered from France is going smoothly. The air force is set to purchase 150 F-16s and 60 Mirage 2000-5s.

The government has spent a total of NT [New Taiwan] \$86.7 billion (US\$3.28 billion) to finance the two procurement projects in the previous two fiscal years. The projects will cost more than NT\$300 billion.

Construction of the first batch of F-16s is about 20 percent complete, while that of the first batch of mirages is about 15 percent finished, the report said. The first F-16s are scheduled to be delivered in mid-1996.

Despite the good news on the F-16s and mirages, the report pointed to worries looming over the IDF manufacturing project. The first squadron of IDFs joined the air force in December, with each carrying a price tag of US\$24 million. The IDF is modeled after the American F-16.

"That unit price is higher than that quoted by the U.S. for the sale of F-16 A/Bs to Malaysia," the report pointed out, but did not go into details of the Malaysian military deal.

"If the cost for IDFs cannot be reduced, the combat aircraft could hardly compete with fighter jets from other countries on the international arms market," the report said. The military-run aero industry development center has said it plans to export IDFs.

The Audit Ministry, which operates under the aegis of the Control Yuan, Taiwan's highest ombudsman agency, also fired a salvo at the navy for its lack of a comprehensive military buildup plan. Because of this, the report said, the navy had to decommission a destroyer in April 1994, less than two months after the navy spent NT\$50 million (some US\$1.89 million) for the vessel's regular maintenance.

The navy's shipyards and weapons manufacturing plants are also studded with a number of chronic problems, including the retirement of well-trained technicians and poor oversight of parts and materials stockpiles, the report said.

More Services, Industries To Be Privatized

OW0902112595 Taipei Voice of Free China in English 0200 GMT 8 Feb 95

[FBIS Transcribed Text] More services and industries will be opened to private investment as part of the government's plan to develop Taiwan into a regional business operations center. Vice Premier Hsu Li-te, who is also chairman of the Council for Economic Planning and Development, said private operations are expected to be more efficient and private investment also will help reduce the government's financial burden.

The vice premier added that Taiwan will upgrade its [word indistinct] airport service quality by privatizing the state-owned Taiwan Airport Service Company and allowing a second ramp service company to be set up. Hsu told reporters Monday [6 February] that 20 to 30 intelligent industrial parks will be constructed around the island over the next 10 years as part of the government's efforts to build the island into a regional manufacturing hub. Hsu said liberalization of bank management in the [word indistinct] of existing laws are also on track.

Hong Kong

Lu Ping Comments on Negotiations With UK

OW0902071595 Tokyo SHUKAN DAIYAMONDO in Japanese 28 Jan 95 pp 42-44

[Interview with Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, by unidentified SHUKAN DAIYAMONDO correspondent; place and date not given—first eight paragraphs are SHUKAN DAIYAMONDO introduction]

[FBIS Translated Text] Present Status of PRC-UK Negotiations: From PRC-UK Honeymoon to Severe Confrontation

The PRC State Council's Hong Kong and Macao Affairs Office, which was established in 1978, is the PRC Government office in charge of Hong Kong and Macao affairs. Its major official duties are dealing with affairs related to Hong Kong and Macao—the latter is due to revert from Portugal to the PRC at the end of 1999—and handling the CPC's work with Chinese residents in both territories. The first director of that office was a well-known figure, the late Liao Chengzhi. The present director, Lu Ping, a cabinet minister as well as a CPC Central Committee member, is the PRC Government official responsible for Hong Kong and Macao affairs.

Since the PRC-UK Joint Declaration of 1984 that declared "Hong Kong shall revert from the United Kingdom to the PRC on 1 July 1997," the office has made every effort to formulate the "constitution" of Hong Kong after its reversion to the PRC—the Basic Law governing the Hong Kong Special Administrative Region [SAR] of the PRC (hereafter referred to as the "Basic Law"). The Basic Law was finally enacted in April 1990.

The main point of the Basic Law is that Hong Kong after its reversion will be made an SAR—"Hong Kong, China"—and that for 50 years thereafter a socialist system and policies will not be introduced in that district, meaning that its existing capitalistic system and way of life will be maintained. At around the time when the Basic Law was enacted, negotiations between the PRC and the United Kingdom concerning the reversion of Hong Kong proceeded smoothly, and the two countries enjoyed a "honeymoon relationship." However, when Christopher Patten, a big name in the British Conservative Party, assumed his post as the 28th governor of Hong Kong in July 1992, the atmosphere took a new turn.

This was because the governor proposed a bill to change the election system of the Hong Kong Legislature for the purpose of democratizing it a great deal earlier than under what had been decided between the PRC and the United Kingdom, and he enforced this. The major points of the bill are to increase the number of legislative members directly elected from 18 to 20 out of the total of 60 and to increase the number of those eligible to vote by

lowering the voting age from 21 to 18. By accelerating the democratization of Hong Kong, the United Kingdom intends to withdraw with honor and to leave British influence and rights in place after the reversion.

In the face of such British moves, the PRC strongly expressed its opposition, saying that "this is against the spirit of the Basic Law agreement and that such plans are impermissible for leaving behind these influences and rights under the guise of democratization." "The issue conflicts with the PRC's sovereignty. Whatever political structure the United Kingdom builds without an agreement between the PRC and the United Kingdom will cease to be valid on 30 June 1997, a day before Hong Kong's reversion. Hong Kong's political structure after its reversion will be reformulated by the Preparatory Committee of the SAR of Hong Kong, China."

Of course, the United Kingdom retorted, "it is a violation of the Basic Law to attempt to form a legislature that will be under its thumb." Also, the United Kingdom does not recognize the Preparatory Committee Working Group. British Prime Minister John Major judged that the United Kingdom had made too great a compromise in its negotiations with the PRC under the Margaret Thatcher administration. Therefore, until June 1997, until which time Hong Kong will remain under British rule, it seems that the United Kingdom has gone ahead in proceeding with the work of reversion under British leadership.

As reversion approaches, both the PRC and the United Kingdom are full of suspicion and fears about how Hong Kong should be after reversion, and mutual distrust seems to have reached extreme proportions. Thus, relations between the two countries over their failure to agree on the Basic Law have been strained, and such a bad situation has now been brought about under which each country is proceeding with its own way of preparing for reversion.

Director Lu Ping, the responsible PRC official, was asked about the way in which Hong Kong should revert to China and about the confrontation with the United Kingdom.

The United Kingdom Keeps Breaking Its Promises

[SHUKAN DAIYAMONDO] Please tell me what the PRC Government's basic posture and ideals about Hong Kong's reversion are.

[Lu] From the standpoint of respecting the history and reality of Hong Kong, we listen to the opinions of wide-ranging and various fields and will recover Hong Kong's sovereignty by the peaceful means of "one country, two systems"—the coexistence of socialism and capitalism. Historically and internationally, there has been no precedent such as "one country, two systems." In settling international, historical, and national conflicts, many countries tend to resort to force of arms, but our country will not employ that means.

[SHUKAN DAIYAMONDO] Then by what methods, in concrete terms?

[Lu] With the Basic Law, we have firmly confirmed the following concrete plans and policies that will contribute to the prosperity and stability of Hong Kong. The PRC Government will not change even after 1997 the existing socioeconomic system, way of life, and laws in Hong Kong. Hong Kong's status as a duty-free port and international trade and financial center will remain unchanged. Hong Kong will be permitted to continue to maintain and develop its economic and cultural relations with other countries. Foreign economic interests in Hong Kong will be protected and given consideration, and so on.

[SHUKAN DAIYAMONDO] What do you think about the United Kingdom's moves?

[Lu] In Hong Kong, in 1985, for the first time following the signing of the PRC-UK Joint Declaration, the indirect election of legislative members was born. From 1988 to 1990, the PRC and the United Kingdom negotiated the structure of the Legislative Council, and as a result, 18 legislative members were elected in the first direct election in 1991.

In addition, the PRC Government decided to take a special measure—what they call a through train—with relation to Hong Kong's last Legislative Council under UK rule in the hope of the PRC and the United Kingdom cooperating to bring about Hong Kong's smooth transition.

In other words, Hong Kong's last Legislative Council to be formed as the result of the September 1995 election will be converted as is to become the first legislative assembly, and its members will become those of the SAR, Hong Kong, China of 1997, on the condition that its organization conforms to the provisions of the Basic Law and that its members meet certain conditions. Such a measure will be advantageous in assuring the smooth transition of Hong Kong. As for the number of legislative members to be directly elected in the post-reversion election, this is provided for in the appendix to the "Basic Law," to increase step by step: "20 in the first legislative assembly election, 24 in the second, 30 in the third, and then finally all members."

In the election system reform bill that Patten submitted to the Legislative Council of October 1992, however, the portions related to the 1995 Legislative Council election violated all of the three following things: the spirit of the PRC-UK Joint Declaration, the principles related to the Basic Law, and the results of negotiations and the understanding reached up to that point between the PRC and the United Kingdom.

Our side advised him beforehand "not to make it public until both countries come to an agreement," but he instead chose the way of putting it to a public debate. On top of this, he took measures aimed at altering Hong

Kong's system of "administrative initiative" and changed existing laws. Our side responded to such an attitude with negotiations.

The United Kingdom did not show any sincerity in seven rounds of negotiations over seven months on district assembly elections to be held in 1994, and on 1995 elections of the city executive council and regional executive council and the Legislative Council. Furthermore, additional problems were newly brought up, finally causing the negotiations to break down. As I understand it, the fundamental cause of such a situation having arisen lies in the United Kingdom's Hong Kong policy.

Era of the Great British Empire Came to an End

[SHUKAN DAIYAMONDO] What do you mean by that?

[Lu] I mean that the United Kingdom has the intention of maintaining its influence after 1997 and of making Hong Kong an independent or semi-independent political entity under its control. You can easily find such an intention if you look back at the history of the great British Empire when it withdrew from its former colonies. Patten is only "an actor" chosen by the United Kingdom. "Accelerating democratization in Hong Kong" or "defending freedom and the constitution" as he advocates are nothing but a pretext. It is certain that such a political illusion that goes against the historical current is destined to fail.

[SHUKAN DAIYAMONDO] Is the freedom of economic activities going to be guaranteed in Hong Kong after its reversion?

[Lu] I emphasize that economic activities will be free even after 1997 in Hong Kong, which will be a duty-free port and international financial and trade center. This is not just my personal prediction, for the PRC's central government has long recognized these. Let me introduce five important points of the Basic Law related to these:

1. The Hong Kong SAR shall be empowered to manage its own finances, including its budget formulation and settlements. All financial revenues shall be used in the SAR, and these will not be required to be submitted to the central government.
2. The Hong Kong SAR shall maintain the existing capitalistic economic and trade system, continue to maintain its duty-free port status, and will be able to carry out its own free trade policy. Trade-related laws and policies applied to the PRC's domestic enterprises shall not be applicable to enterprises in Hong Kong. Commercial transactions between Hong Kong and the PRC shall be regarded as external trade. Investments in PRC domestic industries by either Hong Kong enterprises or other countries and territories via Hong Kong shall be regarded as "foreign capital" and favorably treated and protected as before.

3. The Hong Kong SAR, as an independent customs district, shall be able to join various international organizations and international trade agreements under the name of "Hong Kong, China." The SAR shall continue to enjoy Hong Kong's already-acquired export-import quota, special customs privileges, and other corresponding measures.

4. The Hong Kong SAR shall maintain the status of an international financial center, formulate its own currency and monetary policies, and maintain the free flow of nonmaterial property and capital. Foreign exchange shall not be controlled, and the forward transaction markets for foreign exchange, gold, and stocks shall remain open as before. The right to issue Hong Kong dollars belongs to the Hong Kong SAR government, and foreign currency funds shall also be controlled by the SAR government.

5. The SAR shall maintain the existing control over transportation and formulate its own functions and responsibilities related to transportation. Private transportation enterprises shall be allowed to pursue their free-market activities as before.

No Democracy Existed Under UK Administration

[SHUKAN DAIYAMONDO] Is it also to the benefit of the PRC to maintain Hong Kong's traditional laissez-fairism (noninterference)?

[Lu] Exactly. Hong Kong's economic relationship with Mainland China will become closer once it reverts to the motherland. Hong Kong is the PRC's bridge and gate to foreign nations in economic and trade relations and a pipeline for introducing foreign capital. Such a role will be expanded. As the PRC's reforms, open-door policy to the outside world, and modernization progress, Hong Kong and the PRC will produce larger joint profits. Therefore, from an objective point of view, it is certain and inevitable that the post-1995 Hong Kong will develop and that its economic activities will become even freer.

[SHUKAN DAIYAMONDO] Is the democratic administration that goes side by side with such a free-market economy going to be guaranteed?

[Lu] I want to confirm before commenting on that matter that there has never existed in Hong Kong under British colonial rule such a thing as democracy. The British "King's Edict" and "Royal Directives" issued to the governor of Hong Kong in the 1840's were full of features that were characteristic of colonial rule. They said, "The governor shall enjoy the exclusive possession of executive and legislative authority. Both the executive and legislative councils are advisory organs to the governor, and the members of the two councils shall be appointed by the governor." "The governor is empowered with full authority, and that authority shall be exercised by instructions from the British home government. The home government shall have the right to veto

bills passed by Hong Kong's legislative council and to enact Hong Kong laws," and so on.

Both documents were repeatedly revised, but most of the 19th-century text is left untouched, and their colonialist features basically have not changed up to the present. It was barely and only in 1985 after the signing of the PRC-UK Joint Declaration that the Legislative Council came to have members elected by indirect vote.

[SHUKAN DAIYAMONDO] What then is the PRC Government going to do about this?

[Lu] It is going to actively work to develop democracy. Except for the PRC Government's controlling diplomacy and national defense, the Hong Kong SAR will have strong autonomy, including rights over administration, legislation, an independent judiciary, and the Supreme Court. Its financial independence shall be maintained. The SAR Government shall be organized by the people of Hong Kong, and the central government will not send officials to control it.

The Basic Law provides that the chief executive of the Hong Kong SAR shall either be elected or chosen through consultations. And, as I said before, the number of the Legislative Council members to be directly elected shall gradually increase. We are confident that the Hong Kong compatriots will succeed in managing Hong Kong. I think this is the materialization of a kind of democracy under which the central government grants such a high degree of autonomous rights to the Hong Kong SAR. This demonstrates that the PRC Government is actively engaged in developing a democratic government in Hong Kong.

[SHUKAN DAIYAMONDO] Finally, how about freedom of press, which is the basis of democracy?

[Lu] Article 27 of the Basic Law provides that "residents of Hong Kong shall enjoy the freedoms of speech, the press, and publication." The existing freedom of the press will continue to be enjoyed. At the same time, this provision will not only apply to Hong Kong press organs but also to foreign press organs operating in Hong Kong, as long as they adhere to the laws of the SAR.

[SHUKAN DAIYAMONDO] In a word, is it not the case that in Hong Kong under the "principle of no change for 50 years," the existing economic system and political and social setup shall be basically maintained even after reversion?

[Lu] That is correct.

Official Views Beijing's Role in Local Elections

II 0902044695 Hong Kong SOUTH CHINA
MORNING POST in English 9 Feb 95 p 1

[By Linda Choy and Chris Yeung]

[FBIS Transcribed Text] China's de facto embassy in Hong Kong will play an active role in coordinating the

territory's pro-China camp in this year's Legislative Council [Legco] elections, a senior official said last night. Qin Wenjun, a vice-director of Xinhua (the New China News Agency), openly admitted it would "liaise" with pro-China groups for the September polls. It is the first time a mainland official has acknowledged publicly that they were behind some candidates in local elections. Officials have earlier adopted a more passive stance by calling on people who "love China and Hong Kong" to take part in the elections. This is despite China's repeated claims that the three-tier elections were unlawful and the political framework would be disbanded after 1997.

Speaking at a reception held by the pro-China Liberal Democratic Federation, Mr Qin said China welcomed the political parties' effort to liaise among themselves on who to field in the elections. "On the inter-party coordinations, we are in support of it," he said. Asked to elaborate on Xinhua's role, Mr Qin said: "We will do some liaising for them." Mr Qin would not say which political parties would be targets of Xinhua's liaising activities. "This is up to the political parties themselves to decide," he said.

Democratic Party vice-chairman Yeung Sum said the move by Xinhua would be seen as impartial. "As the representative office of China in Hong Kong, I think they should try to fully reflect the aspirations of local people," he said. "I doubt whether they should try to band together the pro-China forces to isolate the Democrats," said Mr Yeung, who is the party's leader in charge of elections. He admitted that he was not surprised by Xinhua's participation in co-ordinating candidates, citing the fact that pro-China candidates had seldom had direct confrontation in municipal council polls.

The Democrats said that they were facing an uphill battle but remained confident that the voters were on their side.

A Hong Kong affairs adviser said Mr Qin and another vice-director, Zheng Guoxiong, had been directly involved in the "co-ordinating" task. Unlike the 1991 polls, he said, Xinhua officials would be involved "full-scale" in the coming two polls. He cited the flurry of visits made by senior Xinhua officials to friendly groups during the Lunar New Year to encourage pro-China groups to take an active part in the elections.

Xinhua officials have also urged pro-China groups to hunt for suitable candidates to compete in the new nine functional constituencies for Legco. "It's a good thing. Everyone wants to see enthusiastic participation of local people in elections. And they also do not want to see all of the seats going to a single party," he added.

Independent legislator Emily Lau Wai-hing said the open participation of the Chinese Government in local elections would send jitters through the community. "We all want to have fair and open competition in elections, but the participation of the Chinese Government is a different thing," she said. Beijing, she said, had unlimited resources and enormous influence that could sway election results. "What if the Hong Kong Government was directly involved in elections?"

The chairman of the foundation, Hu Fa-kuang, said he believed it was necessary for the territory's pro-China political parties to get together on the candidacies. "There has already been some preliminary exchange of ideas, but we need to address the issue in further detail," he said. He said the foundation would field at least five candidates in the Legco polls, including wholesale and retail, hotels and catering, and manufacturing functional constituencies. In the geographical elections, the foundation candidates would run for the seats in Tuen Mun and Kowloon City.

Conference Held on 'Press Freedom'

HK0902055195 Hong Kong HONGKONG STANDARD
in English 9 Feb 95 p 3

[By Renato Reyes and Moira Holden]

[FBIS Transcribed Text] An Asia-Pacific conference on press freedom has lumped Hong Kong together with Indonesia, Cambodia and Singapore as countries where many concerns have been raised over freedom of expression. The statement yesterday came just as legislators and journalists in Hong Kong attacked the government for its "disappointing" performance in strengthening press freedom in the territory.

Recoiling from a spate of crackdowns against journalists in the Asia-Pacific region, the International Federation of Journalists and Media Entertainment and Arts Alliance called on Asian governments to "open their minds to freedom of expression". Their statement was issued during a three-day conference in Sydney, Australia, attended by journalists from 15 Asian-Pacific countries.

"I think that is going a bit too far to say that we are on par with Cambodia, Indonesia and Singapore," independent legislator Emily Lau said. But Ms Lau agreed that the press freedom "scene here is not rosy", criticising the government for its appalling record in strengthening freedom of expression.

Legislators yesterday rebuked the government for delays in tabling bills designed to strengthen press freedom that were promised for the present legislative session. During his annual address to the Legislative Council [Legco] last October, Governor Chris Patten had promised to alter current laws which were felt could curtail freedom of the

media. But lawmakers now fear some of the legislation will not be introduced before the session ends or will not be lodged early enough for proper scrutiny. Members of Legco's Panel on Information Policy were told yesterday complex delays were delaying the introduction of bills this session.

A total of 39 provisions are set to be altered which are thought to endanger press freedom. Deputy Secretary for Security Jim Morris told the panel these ordinances covered nine provisions, including treason, seditious publications, interception of mail and telecommunications. "They cover controversial security issues for which there are no easy solutions—we have not yet completed our deliberations internally," he said.

"We were told that the government was not getting anywhere" on the review of press freedom-related laws, Ms Lau said after the Legco meeting. "The whole

impression was that they could not get their acts together," she said. "Members went away very, very dissatisfied."

But the British and Hong Kong governments said they were committed to preserving and reinforcing press freedom in the territory. In a letter to Ms Lau, the Foreign Minister with special responsibility for Hong Kong, Alastair Goodlad, said the government had looked at 27 ordinances covering 53 specific provisions and was satisfied that 14 of these provisions were compatible with the Bill of Rights.

But the Hong Kong Journalists Association was not impressed. "We are not satisfied with the present pace (of amendments) and in the way the government is handling the whole thing," the association's chairman, Ivan Tong, said. "In the run-up to 1997 and beyond, we are very much concerned whether press freedom in Hong Kong would be diminished."

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